DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES
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FIFTH SESSION—SEVENTEENTH PARLIAMENT

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HOUSE OF COMMONS

DEBATES

OF

THE OFFICIAL REPORT

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House of Commons Debates

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Tuesday, May 29, 1934

The house met at three o'clock.

SILVER COVERAGE

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to direct a question to the Prime Minister (Mr. Bennett). According to reports appearing in the press, President Roosevelt has made representations to other countries to join with the United States in the restoration of silver. My question to the Prime Minister is whether any representations have been made to the Dominion of Canada.

Right Hon. R. B. BENNETT (Prime Minister): As I intimated the other day, the Canadian minister is keeping closely in touch with the situation. No representations have been received here.

PREVENTIVE SERVICE SEARCHES

On the orders of the day:

Mr. C. B. HOWARD (Sherbrooke): I should like to direct a question to the Minister of National Revenue (Mr. Matthews). Did he or his department issue instructions to the preventive service to hold up and search the cars of private citizens, as they did on May 24, on the roads all over the eastern townships?

Hon. R. C. MATTHEWS (Minister of National Revenue): I know nothing about the matter, but I will inquire into it.

CANADIAN PACIFIC LOAN

On the orders of the day:

Hon. J. L. RALSTON (Shelburne-Yarmouth): I should like to ask the Prime Minister (Mr. Bennett) a question with regard to reports appearing in the press to the effect that the Canadian Pacific Railway are selling $12,000,000 of perpetual four per cent debentures. Is it the intention that the whole or any part of the proceeds of this sale will be used for the purpose of reducing the loan which has been guaranteed by the dominion?

Right Hon. R. B. BENNETT (Prime Minister): As yet the sale has not been made. If, as and when it is made it will reduce pro tanto the amount of the guarantee of the Dominion of Canada.

MONTREAL RELIEF ACCOUNTS

On the orders of the day:

Mr. ONESIME GAGNON (Dorchester): I should like to direct a question to the Minister of Labour (Mr. Gordon). In yesterday's issue of the Montreal Le Devoir there appeared a dispatch with regard to the accounts due the city of Montreal. The article is headed, "Ottawa is Responsible" and it is to the effect that if the accounts of the city of Montreal are unpaid it is because of the delay on the part of the federal government. I should like to ask the minister if such statements are true.

Hon. W. A. GORDON (Minister of Labour): When the accounts of the city of Montreal are received by us from the province of Quebec they are dealt with in exactly the same manner as the accounts from any other province are dealt with. It takes from three days to probably ten days after the accounts are received to have them checked by the officials of my department and the auditor general, before the cheque issues. Each account received from the province of Quebec with respect to the city of Montreal has been promptly dealt with by the government. At present there are very few if any accounts in the department from the province of Quebec disclosing amounts owing to the city of Montreal; any that are in the department are being looked after.

The delay which has been occasioned with respect to the Montreal accounts arises out of difficulties that the provincial auditors are having in auditing the Montreal accounts, as I understand it. It is unfortunate that this delay has occurred, but before accounts are sent by the province to the federal government it is highly desirable that proper and necessary audits be made. Just as rapidly as we receive the accounts from the province of Quebec in proper form they have been and will be paid.

74726—219

REVISED EDITION

IMPERIAL ECONOMIC COMMITTEE

On the orders of the day:

Mr. J. K. BLAIR (North Wellington): I should like to direct a question to the Prime Minister (Mr. Bennett), as to the truth of a report appearing in yesterday's Toronto Mail and Empire. This report states that Hon. Howard Ferguson has been elected chairman of the imperial economic conference, which conference is to carry on the work of economic intelligence hitherto conducted by the empire marketing board, and it is suggested that the empire marketing board may be abolished. I think perhaps that board is under the control of the government of Great Britain, but I should like to get some information from the Prime Minister in regard to this report.

Right Hon. R. B. BENNETT (Prime Minister): No question has been put, but presumably the hon. member has served the useful purpose of hearing himself make the statement he has made.

Some hon. MEMBERS: Order.

Mr. BENNETT: There is nothing out of order in that; it is a perfectly correct statement. The hon. member did not ask a question, but if he will take the trouble to look at the report which has been laid on the table he will realize that, as a result of the conference which was held in London, England, last year, at which Doctor Skelton represented the dominion and of which conference he was chairman, the whole matter connected with the empire marketing board has been dealt with. The other statements read by the hon. gentleman have no foundation in fact, so far as I know.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, as I listened to the question asked by the hon. member for North Wellington (Mr. Blair) I understood him to refer to the imperial economic conference. If I am right in that, I think what he really meant to refer to was the imperial economic committee, and I should like to ask the Prime Minister if it is not a fact that the Hon. G. Howard Ferguson has become chairman of the imperial economic committee, which sits for the purpose of furthering economic cooperation within the empire?

Mr. BENNETT: It will be within the memory of the right hon. gentleman, who has read the report, that provision was made for the maintenance of a committee to deal with matters which had in part been dealt with by the empire marketing board. I believe the various high commissioners have been or will be chairmen of the committee, from time to time. Whether or not it is Mr. Ferguson's turn at the present time, I cannot say. I shall look into the matter, however, and make a statement. I think he was chairman, but whether or not he is at the present time, I cannot say. I shall ascertain the fact, and advise the right hon. gentleman.

Mr. LAPOINTE: God save Canada.

PRICE SPREADS AND MASS BUYING

On the orders of the day:

Mr. J. E. MICHAUD (Restigouche-Madawaska): I should like to ask the Minister of Trade and Commerce (Mr. Stevens) if he has received a resolution passed by the board of trade of Campbellton, New Brunswick, dated May 25 of this year, urging that the Stevens committee investigate alleged unfair prices being paid for pulpwood in the province of New Brunswick. If the resolution has been received I should like to know whether it is the intention of the minister to have the matter investigated by the price spreads committee.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Naturally, I have received hundreds of communications of a character similar to that indicated. I would point out to the hon. member that as he has presented it the matter is not one which would properly come under the order of reference. However, all communications of that character are answered as promptly as time permits. From the meagre information the hon. member has supplied I could not tell him whether or not the committee would decide to deal with the matter indicated, or whether such investigation would come under the order of reference. From what he has said I am under the impression it would not.

DOMINION COMPANIES ACT

The house resumed from Monday, May 28, consideration in committee of Bill No. 64, respecting dominion companies—Mr. Cahan—Mr. Sullivan in the chair.

On section 41—When and how calls may be made.

Mr. CAHAN: We are now on section 41.

Mr. CASGRAIN: I should like to ascertain whether or not as we proceed along with the sections, the Secretary of State will tell the house in detail what provisions, if any, have been specially embodied in this bill to prevent the watering of stock and the circulation of

diluted shares which, of late, have been a source of trouble, and have meant the loss of a great amount of money to our people. I understood the Secretary of State to say that the purpose behind the bill was to try to prevent the operation known as the watering of stock, and to give the people a chance to know the real value of what they are buying, thereby preventing abuses which have existed in the past. As we proceed I should like the Secretary of State to explain in detail how the amendments he will introduce will give the desired result.

Mr. CAHAN: I believe we would do well to discuss in their turn the clauses to which the hon. member has referred. He will find, first, that the statements which companies are compelled to make to their shareholders are much more detailed and stringent than they have been under any previous act. Respecting the issue of prospectuses shares must be issued and sold under the representations made in the prospectus issued by the company or its underwriters. The provisions for disclosing information are very much more specific and stringent than in any act in any British country with which I am familiar. Therefore I think the hon. member might reserve his question, because another hon. member opposite has given notice to me that he will ask to have those provisions stand, for the present, for the purposes of further discussion.

Section agreed to.

Sections 42, 43 and 44 agreed to.

Section 45 stands.

On section 46—Executors, etc., not personally liable.

Mr. HANSON (York-Sunbury): In regard to this section may I suggest that for the purposes of clarification the word "any" should be inserted before the word "such" in line thirty-four. I so move.

Mr. CAHAN: I have no objection to the amendment. The words "executor, administrator, tutor" and so on are mentioned in the alternative. The matter was discussed, and we were under the impression that the expression "such capacity" referred to the particular capacity in which the person acted, namely either as executor, administrator, tutor, or any other capacity indicated in the section. However if the hon. member thinks that the word "any" clarifies the section, I have no objection. Personally I do not think it clarifies it.

Amendment agreed to.

Section as amended agreed to.

74726—219½

On section 47—Mortgagee not personally liable.

Mr. HANSON (York-Sunbury): I would ask what is the necessity for the use of the word "collateral" before the word "security" in line 44. That is a limiting phrase.

Mr. CAHAN: The word "collateral" was not introduced by me. It has been used in the Companies Act, and specific definitions have been given by the courts of the word "collateral." The term "collateral security" is thoroughly defined I think in law and in fact, and after a very lengthy consideration we decided to retain that phrase. There was one advocate who objected to the change, and I have no doubt that he has instructed my hon. friend in regard to the matter, but I cannot accept his view because collateral security is a term clearly defined and clearly understood.

Section agreed to.

Section 48 stands.

Section 49 agreed to.

On section 50—Addition to name of company of "and reduced."

Mr. BUTCHER: Why the change in subsection 2? It seems to me that subsection 62 of the present act affords greater protection for creditors than does this amended section.

Mr. CAHAN: The old subsection 2 read as follows:

(2) Where the reduction does not involve either the diminution of any liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, the Secretary of State may, if he thinks expedient, dispense altogether with the addition of the words "and reduced."

The words "and reduced" were formerly used for the protection of the creditors of the company but my hon. friend will notice that where there is no diminution of any liability in respect of unpaid share capital the creditor is protected, and where there is no re-payment to any shareholder of any paid-up share capital the creditor is protected. The company has the same assets as before, and in such cases it has always been the practice of the department not to insert the words "and reduced," because the creditors have exactly the same security for its debts and liabilities due to them as they had before the reduction of capital. But these are the only excepted cases, and we have made a short exception which certainly covers the cases in which the Secretary of State has discretion to dispense with the words "and reduced." We have in the practice of the

department many regulations which are not expressed in specific terms, which it is difficult to express in a statute, but in case of every reduction of capital the Secretary of State demands from the applicant a statement of its accounts verified by an auditor and verified also by affidavit, so that it is easily seen from the documents so submitted whether the interest of the creditor is prejudiced or not, and in every case in which there is any possibility of the interest of the creditor being prejudiced we insist on having it brought to the notice of the creditor and the receipt of a waiver from the creditor over the creditor's signature before we exercise the discretion which is vested in the Secretary of State in subsection 2. I think that is about as near accuracy as we can reach.

Section agreed to.

On section 51—Objections by creditors and settlement of list of objecting creditors.

Mr. BUTCHER: I will read subsection 4:

Where a proposed reduction of capital involves either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital, the Secretary of State may, if having regard to any special circumstances of the case he thinks proper so to do, direct that this section shall not apply as regards any class or any classes of creditors.

What relation is there between shareholders and creditors in this subsection?

Mr. CAHAN: That has to do again with the reduction of capital. If any reduction of capital is proposed that involves a reduction of the assets of a company which would prejudice the rights and interests of the creditor, then the Secretary of State must intervene. This section as now submitted is taken from the English act. If a creditor or any class of creditors is thoroughly secured, it gives the Secretary of State a discretion in those special circumstances to direct that notice, et cetera, to creditors shall not apply. I have simply followed in this amended section the English act where the courts have found that if creditors were amply secured it was not necessary to go through the form of giving notice.

Section agreed to.

On section 52—Order confirming reduction.

Mr. CAHAN: I wish to delete the marginal note, Mr. Chairman, and substitute the words "supplementary letters patent confirming reductions," which is more accurate. As the marginal note is not subject to amendment by resolution of the house I am simply calling attention to it, and I would ask the officials of the house to change the marginal note accordingly.

Amendment agreed to.

Mr. COOTE: I do not know whether this is the correct section on which to direct this question to the minister. I am not very familiar with this bill, and have not had much time to devote to it. I should like to ask the minister just what supervision does the department exercise over the capital structure of companies that are incorporated. It seems to me that that is where many investors get into trouble, putting their money into stock or securities of companies that are overcapitalized. I have received many complaints lately from the shareholders of one company. I must admit I do not know whether it is incorporated under the dominion act or not. The company in question is Burns and Company Limited. The shareholders have invested in about seven million dollars of preferred shares of this company, and they are going to lose practically all the money that they have put into those preferred shares. Would the minister be good enough to give us an idea of the supervision exercised over the capital structure of companies that are being incorporated?

Mr. CAHAN: Mr. Chairman, I have spent many anxious hours over the question of the capitalization of companies by the terms of the original application and the issue of letters patent whereby the capital structure is limited in the first place, and secondly with regard to increases of capital which arise under section 48. The proposed capital of the company is indicated by the applicants in the petition to the department for incorporation by letters patent. How a department can ascertain whether any restriction should be placed upon the capital asked for is one of the most difficult questions in connection with the administration of the Companies Act. A company may be undertaking a work of construction, it may be a factory, a hydro electric station or some other engineering work and I assure the hon. gentleman that it is impossible for the department to revise the estimates of construction or the estimates of the probable outlay on the engineering work so as to determine with any degree of reliability that the amount of capital asked for in the petition is greater than the work necessitates. That would make necessary having an official in the department who could enter into almost every material

detail of the proposed undertaking and who is prepared to insert in the letters patent an expression of his own opinion which is contrary to the expert opinions of those engaged by the applicants to give them reliable estimates of the amount of capital required.

When increases in capital are required, under section 48—frequently the increases are so small that their necessity is obvious—we ask for the best estimates which can be given as to the application of this proposed increase in capital and the necessity for its issue. Having obtained that and the proper certificates from auditors and others, we are forced to rely largely upon the opinions and the certificates of auditors and the sworn statements of officials which are submitted to us. Beyond that we have no agency in the department which can be expected to give more reliable information than that given by the applicants on behalf of the company and that contained in the certificates of the engineers and agents which they have retained for the purpose of advising them.

Mr. COOTE: I should like to illustrate the case I am trying to put to the minister by referring to Burns and Company Limited. The securities of this company were sold for the purpose of purchasing and taking over the business of P. Burns and Company. The capital structure of the old company is shown here with $3,078,000 in first mortgage bonds and $3,943,000 in preferred stock, a total of $7,021,000. The capital structure of the new company shows $7,000,000 in first mortgage bonds and $6,900,000 in preferred stock, a total of $13,900,000. It will be apparent that the bonds were increased by 127 per cent and the preferred stock by 74 per cent. Certain extraneous assets belonging to the old company were not taken over. The increase averaged almost 100 per cent in preferred stock and bonds of the new company as compared with the old. As I say, I do not know whether this company was incorporated under the dominion act and it may be that I am taking up this matter in the wrong place. If so, the minister will correct me but, if not, I should like him at some stage of the discussion of this bill to advise the committee whether any steps are being taken in the drafting of this new bill to prevent occurrences such as those which took place in connection with this company. I might say that the preferred shareholders have had their equity almost wiped out. In the new company the management is confined to the holders of three management shares without any par value. Although there is a total capital involved of nearly $14,000,000, the preferred shareholders have no say whatever in the management of the company. I should be glad if at some stage of the bill the minister would indicate what action if any is being taken to prevent such occurrences.

Mr. CAHAN: I thank the hon. gentleman. I can make a statement on this section although there is another section which is very material and relevant. My acquaintance with the particular company to which he refers is due to the fact that the company applied recently to have its letters patent amended under an order of the judge who had presided over the meetings held to consider the reconstruction of the company. From my examination of the statements and accounts which were presented I know that there were and are probably very material grounds for the complaint made by the hon. gentleman. In order that such conditions may be prevented so far as possible, we have provided in this bill, in another section dealing with prospectuses, that any company issuing shares or purporting to issue shares for sale must issue a prospectus, which prospectus must be in the hands of every person who buys a single share of stock from the company or its underwriter and which also provides that, if there is any material misstatement in that prospectus, the company issuing it shall be responsible. In regard to the conditions under which the prospectus shall issue and the information which must be disclosed therein, we have gone the limit in compelling a company organized for the purpose of taking over a pre-existing company to give complete information with regard to the financial condition and the operating profits and losses of the pre-existing company so that every purchaser may have before him a most complete and detailed statement of the existing conditions for his own information. When we deal with prospectuses I shall be very glad to have any suggestion from the hon. gentleman or other hon. members of the committee. This bill is not a partisan bill, its object is to protect the public so far as it is within the legislative jurisdiction of this parliament so to do and at the same time to permit companies whose undertakings are above reproach and criticism to carry out such undertakings in industry and commerce for the benefit of the whole country.

Mr. NEILL: Will the minister allow me a question there? He stated that under certain circumstances of misrepresentation the issuing company would be held liable. Would

that company be criminally liable? If not, they could easily evade their civil responsibility by setting up a straw company.

Mr. CAHAN: There are sections of the criminal code which make directors who issue false statements liable. However, in the matter of criminal jurisprudence I shall have to submit to the more experienced judgment of my hon. friend the Minister of Justice, though I may say that if this discussion is postponed until we deal with the representations that must be made by a company issuing its shares, and the nature and extent of the information which must be disclosed, I shall be able to justify the statement which I now make to hon. gentlemen, that I know of no act in a British country in which the provisions are more stringent than those incorporated here.

Mr. COOTE: Will the prospectus to be issued under the new act, in connection with any company whose capital structure is being reorganized, require those issuing the prospectus to state the capitalization of the old company as well as the capitalization of the new? If not, will the minister consider making provision in that respect?

Mr. CAHAN: All the material facts necessary to allow an intelligent reader of a prospectus to determine the actual financial condition of the old company must be disclosed, and if on further examination of these sections the hon. gentleman has any suggestions to make I shall be most happy to consider them.

Mr. STEWART (Edmonton): I was intensely interested in section 48 for the very reason given for the present discussion.

Mr. CAHAN: That section stands.

Mr. STEWART (Edmonton): I understand that, but the minister has taken this occasion to discuss the matter with another member of the house and I want to say this to him. I wish he would reconsider some of his statements, particularly as regards the inadvisability of going to the trouble of supervising the capitalization of companies. Some authority will have to undertake this unless, as he points out, he has surrounded the organization of companies with the safeguards and penalties that will make it impossible for companies to evade the law. Eight or nine years ago I raised this very question in the House of Commons and I was told then—I do not blame the minister who at that time made the reply—that such provision could not be incorporated in the Companies Act. Well, we have reaped the whirlwind in consequence since that date, companies having been allowed excessive capitalization whereby they have exploited the public. I feel very strongly on this particular feature of the bill. Surely it is possible so to supervise the capitalization of companies obtaining charters from the dominion government so as to ensure that the sort of thing that has gone on, not only in connection with the Burns company but with half a dozen other concerns, where the public have been exploited in Canada, shall be prevented. I say this now in the hope that some provision will be made in this bill that will make that sort of thing impossible.

Mr. CAHAN: Section 48 stands. I think we have gone as far as it is possible for this parliament to go, if in the future any companies are to be incorporated under the authority of dominion legislation.

Mr. HANSON (York-Sunbury): The crux of the evil complained of, under the capital structure set up in the letters patent, as I apprehend it, or in the borrowing powers that may be asked for by by-law, is the writing up of assets taken over from one company by another. Unless you meet that evil and provide for supervision over that aspect of the matter you will never meet the situation which at present confronts the investing public of Canada. You can put what you like into the requirements of the prospectus, but unless there is a true valuation on the assets being exchanged by the old company for the securities of the new, or something of that character you will never prevent the crying evil which is complained of here and elsewhere. After very careful consideration, I believe I am correct in saying that this is the point to which we ought to direct attention. I will say this however, that if you do try to do that you will have a wholesale job on your hands; more than that, you will drive out of the federal jurisdiction the incorporation of practically all these companies. Unless therefore you can get uniformity as between the dominion and the provinces, I do not see any chance in the world of remedying the evil, and it is a great evil, which is complained of.

Mr. COOTE: In connection with Burns and Company Limited, the preferred shareholders, who are going to lose most of their equity, formed the preferred shareholders protective committee. That committee issued a letter to the preferred shareholders in which they asked them to subscribe to a fund to be used for the purpose of carrying out an investi-

gation and, if necessary, of taking action against the Dominion Securities Corporation who sold the securities. They claim that the prospectus of the company did not disclose the true position of the company. This circular came to the attention of the Dominion Securities Corporation, who floated the securities. The Dominion Securities Corporation have issued a circular letter to the preferred shareholders and I wish to quote the postscript, because it refers to the suggestion made by the minister that any company that floated securities improperly, or at least in connection with which proper information had not been disclosed, might be held liable for damages. Such action is contemplated and suggested by the protective committee to which I have referred, and this is what the Dominion Securities Corporation say in a postscript to their letter to the preferred shareholders:

> We feel further that we should point out with reference to the form of power of attorney accompanying the circular of February 27, 1934, that if you give such power, and action is brought in your name and on your behalf, you may thereby incur a liability for substantial costs in addition to any funds which you contribute as suggested in the circular.

Here is the corporation that floated the securities issuing a warning to all preferred shareholders, discouraging them from getting together to take legal action if they have any ground therefor. As an hon. member suggests, it is a threat to the shareholders. I bring this to the attention of the minister so that when we come to discuss section 48 he will perhaps take it into consideration to see whether some better security or protection can be afforded shareholders who wish to take such action.

Mr. CAHAN: The clauses with regard to prospectus will stand for to-day and may be discussed further in connection with section 48 if hon. gentlemen wish to renew the discussion.

Section agreed to.

Section 53 agreed to.

On section 54—Penalty for concealment of name of creditor.

Mr. CAHAN: Hon. gentlemen will see as we go through these clauses that we are inserting penalties. For instance, in clause 54 we are inserting a penalty for misrepresentation:

> Liable to five years' imprisonment or to a penalty not exceeding $1,000, or to both such imprisonment and such penalty.

We are in this revision increasing the penalties very considerably.

Mr. HANSON (York-Sunbury): So far as I can see there is no change in this clause.

Mr. CAHAN: In this particular one the penalty may be the same, but in other clauses we are increasing the penalties very materially.

Section agreed to.

Sections 55 to 58 inclusive agreed to.

On section 59—Preference stock by bylaw.

Mr. DUPRE: I move in subsection 5 to strike out all the words after the word "part" in the 36th line.

Mr. CASGRAIN: What is the effect of the amendment?

Mr. CAHAN: This amendment is proposed because we think the latter part of the subclause does not add anything to the force of the previous part. The subclause reads:

> (5) Holders of such preferred or deferred shares shall be shareholders within the meaning of this part, and shall in all respects possess the rights and be subject to the liabilities of shareholders within the meaning of this part.

That broad statement is regarded by the best counsel whose advice I can obtain as being clear and definite and the suggestion is made that the addition of the following words is unnecessary:

> But in respect of dividends, and in any other respect set out in the by-law as authorized by this part, they shall, as against the ordinary shareholders, be entitled to the preferences and rights given by such by-law.

Of course they are, because the other provisions of the statute confer those rights upon them provided they are given by bylaw, and the best legal advice I can obtain is that the addition of those words after the word "part" simply befogs the issue.

Mr. CASGRAIN: Who was the counsel that advised that because for the information of the committee—

Mr. CAHAN: I have had the advice of many lawyers in various parts of the country who have given the very best of counsel. This has also been before the leading accountants, professional institutes and professors of colleges and their advice has been digested to the best of our ability. The matter has been under discussion now for a year and a half.

Mr. CASGRAIN: Too many cooks spoil the broth.

Mr. HANSON (York-Sunbury): Although the minister states that these additional words are regarded merely as redundant and of no force or effect so far as the legislation is

concerned, they have been in the statute for a long time; I do not know that there is any decision on the point and I do not think it will do any harm to leave them in.

Section stands.

Section 60 agreed to.

Section 61 stands.

On section 62—Notice of changes in capital structure to be filed.

Mr. CAHAN: This clause has been the subject of considerable discussion and I have proposed a clause in substitution therefor. Clause 62 was before this house in 1930 and some difficulty has arisen with regard to the construction of it. I have not changed its purport, but I have, I think, made it clearer. For instance, the old section 62 which was reinserted in the original bill reads:

When any class of shares is created or becomes subject to redemption or conversion into any other class—

The difficulty has arisen, I believe, in the courts as to whether "redemption" covers the words "purchase for cancellation" and so I have inserted the latter words to make the meaning abundantly clear. The clause will now read:

When any class of shares is created or becomes subject to redemption or purchase for cancellation or conversion into any other class—

Simply for purposes of clarification we have inserted the words "purchase for cancellation," which in the ordinary course was deemed to be included in "redemption."

Mr. DUPRE: I therefore move to strike out this section and to substitute therefor the following:

62. When any class of shares is created or becomes subject to redemption or purchase for cancellation or conversion into any other class, and such redemption or purchase for cancellation or conversion is effected, notice thereof, setting forth the number of shares of the class redeemed or purchased for cancellation or converted and the number of shares and the class into which conversion is made, shall be filed forthwith with the Secretary of State.

Amendment agreed to.

Section as amended agreed to.

Mr. HANSON (York-Sunbury): I would like to ask that clauses 63, 64 and 65 relating to borrowing powers stand. This is one of the important parts of the bill. Of course if the minister wants to go on with it, I cannot help it.

[Mr. R. B. Hanson.]

Mr. CAHAN: If the hon. gentleman wishes I will certainly allow these clauses to stand. I do not think the changes made are important except for purposes of clarification.

Sections 63 to 65 inclusive stand.

On section 66—Registration of mortgages and charges.

Mr. CAHAN: In respect of this clause there is a slight amendment. Provision was not made in the old act for a special condition of affairs prevailing under the civil law of Quebec. In that province a mortgage is executed before a notary and he retains the original document. Under the law of that province a notarial copy from the records of the notary has the same force and effect as evidence as has under the English law the original mortgage which is signed by the parties.

Mr. POWER: It is an authentic document.

Mr. CAHAN: Yes; I was striving for that word. In order to make it clear that that is recognized by this bill I am proposing to insert on page 34, line 3, after the word "company" these words:

Or, in the province of Quebec, a notarial copy of such instrument.

I have been asked by the lawyers of that province to see that that defect is remedied.

Mr. DUPRE: I move in subsection (1) of section 66, on page 34, line 3, to insert after the word "company" the words "or, in the province of Quebec, a notarial copy of such instrument."

Amendment agreed to.

Mr. CAHAN: In line 29, after the word "company" the same words should be inserted, "or in the province of Quebec a notarial copy of such instrument."

Mr. DUPRE: I move an amendment accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 67—Registration of order appointing receiver.

Mr. BUTCHER: Would the minister allow this section to stand?

Mr. CAHAN: Certainly. I am quite willing to cooperate, because I regard this as a peculiar bill on which we should have the best judgment of all members on both sides of the house to guide us. When we allow these sections to stand, however, I should be very happy indeed if hon. gentlemen who

have definite opinions or suggestions to make with regard to these sections, would make such suggestions before the sections again come up for discussion, so that I may consider whether the amendments which they propose in relation to the other sections of the act, will result in a harmonious whole. I should be very glad if that could be done.

Mr. POWER: I do not think this is a debatable bill; you are quite ready to accept the point of view of the province of Quebec?

Mr. CAHAN: Yes.

Mr. POWER: There may be some discussion on section 67; why not let it stand?

Mr. CAHAN: I was only suggesting that if hon. gentlemen had in mind definite amendments they should advise me of them.

Mr. POWER: Why have any amendments? This is a good bill; it is not a political bill at all. I entirely agree with the Secretary of State; politics have nothing to do with this measure. We find that our law is not as good as we thought it was, but we want to get a good law and we are willing to do our best to amend it.

Mr. BOTHWELL: In connection with the sections that are allowed to stand I think many of us would be glad of the opportunity of discussing them with the minister altogether outside of the committee.

Mr. CAHAN: I will place myself at the disposal of hon. members at any time.

Section stands.

Sections 68 and 69 agreed to.

On section 70—Company's register of mortgages.

Mr. CAHAN: There is a slight amendment to this section. In drafting section 70 originally I overlooked the fact that a subsection of section 66 deals with similar matters. In order that the two may be in perfect harmony I am suggesting an amendment which will be read by my colleague the Solicitor General.

Mr. DUPRE: I move that in subsection (1) lines 18 to 22 inclusive be struck out and the following substituted therefor:

70 (1). Every company shall keep a register of mortgages and enter therein all mortgages and charges particulars of which are required to be delivered to the Secretary of State and of all other mortgages and charges specifically affecting property of the company not being mortgages or charges to which subsection (1) of section sixty-six does not apply, giving in each case a short—

Amendment agreed to.

Section as amended agreed to.

On section 71—Right to inspect copies of instruments.

Mr. CAHAN: I would like to suggest that in line 47 the word "a" be inserted after the word "to." Then it will read, "to a fine" instead of "to fine."

Mr. DUPRE: I move an amendment accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 72—Right of debenture holders to inspect register.

Mr. CAHAN: In the twenty-eighth line of this section it will be noticed that the words "who knowingly wilfully authorizes or permits" appear. It has been suggested that the word "knowingly" should be struck out, because the word "wilfully" implies not only knowledge but intent as well. Therefore it would avoid confusion if the word "knowingly" were struck out, so that the line would read, "who wilfully authorizes or permits."

Mr. DUPRE: I move an amendment accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 73 to 80 inclusive stand.

Section 81 agreed to.

Sections 82 and 83 stand.

Sections 84 to 95 inclusive agreed to.

Section 96 stands.

Sections 97, 98 and 99 agreed to.

On section 100—Power of court to order meeting to be called.

Mr. BUTCHER: Section 100 seems to be a very good one, but I should like to ask the Secretary of State the special reason for its introduction. It is a new section.

Mr. CAHAN: After careful consideration we thought this section necessary in order to enable the holding of meetings in the event of no directors or officers being available to call such meetings, and in case it is impossible to obtain the necessary signatures to enable a meeting to be held on requisition of the shareholders. We have met with difficulties in this connection in regard to a number of companies which were in extreme financial difficulties. The directors and officers would resign and leave the shareholders in the position where a meeting could not be called, under the provisions of the present act. After careful consideration of the complaints received, we deemed this new section very

important, so that the court in certain cases may be authorized to call meetings.

Section agreed to.

Section 101 agreed to.

On section 102—Mortgagee may vote.

Mr. CAHAN: In connection with this section the word "mortgagee" which appears in the marginal note, should be "mortgagor." It is a misprint.

Mr. DUPRE: I move:

That the word "mortgagor" be substituted for the word "mortgagee" appearing in the marginal note.

Amendment agreed to.

Section as amended agreed to.

On section 103—Books.

Mr. CAHAN: There is a short amendment to this section.

Mr. CASGRAIN: What is the nature of it?

Mr. CAHAN: In subsection (2) it is proposed to delete the words in the eleventh, twelfth and thirteenth lines, "at which the principal duties of such agent in connection with the recording of such transfers are performed" and substitute therefor the words "where register of transfers is kept." The words appearing in the section constitute a phrase which has crept into our statutes when, possibly, some hon. member in committee has made the suggestion offhand, and they have caused confusion. We desire to use a simpler expression, namely, "where register of transfers is kept."

Mr. DUPRE: I move in accordance with the changes outlined by the minister.

Amendment agreed to.

Section as amended agreed to.

On section 104—Register of transfers.

Mr. CAHAN: In the fourteenth line we are suggesting to delete the word "a" appearing before the word "company," and substituting therefor the word "the," so that the section will begin with the words "the company." Then, in the nineteenth and twentieth lines we propose to delete the words "entered the particulars of every transfer of shares in the capital of the company" and to substitute therefor the words "recorded the particulars of every transfer of shares in the capital of the company entered on such a register." This constitutes a record and the legal term "recorded" is used to avoid confusion. Then, in the twenty-sixth line we propose to strike out the word "or" after the words "branch registers" and substitute therefor the word "of." This is a misprint. Then, we propose to delete subsection (3) and to substitute the following:

(3) Entry of the transfer of any share in the capital of the company in the register of transfers or a branch register of transfers, whether kept at the head office of the company or elsewhere, shall, for all purposes of this part, be a complete and valid transfer.

We wish to make it clear that a valid transfer is effected when it is entered in a branch transfer. Then, subsection (4) would be:

(4) In each branch register of transfers shall be recorded particulars of every transfer of shares in the capital of the company entered on such branch register of transfers.

And subsection (5):

(5) A book or books shall be kept at the head office of the company or at the place within Canada where the register of transfers is kept, in which shall be recorded a copy of particulars of every transfer of shares in the capital of the company entered on every branch register of transfers.

Then we propose to renumber subsection (4), and make it subsection (6). The purpose of that is, that so far as effecting a legal transfer is concerned, the recording of the transfer in the branch register is effective. But we state that there shall be kept at the head office of the company or where the register is kept a register in which the entries in the branch registers shall also be entered, so that on going to the head office of the company for purposes of investigation one may find there a complete list of all transfers which have been made either in the head office register or in the branch registers of the company. I think that is clear, and undoubtedly required.

Mr. DUPRE: I move in accordance with the amendments outlined by the minister.

Amendments agreed to.

Section as amended agreed to.

On section 105—Books to be open for inspection.

Mr. CAHAN: In the third line of subsection (1) I suggest that we should insert after the word "transfers" the words "and books." It is an obvious mistake in printing and the section as amended would read: "register of transfers and branch registers of transfers and books mentioned in section 104."

Mr. DUPRE: I move accordingly.

Mr. ELLIOTT: I suggest the words should be "and the books."

Mr. CAHAN: The word "the" does not help the section.

Mr. ELLIOTT: It would probably avoid confusion.

Mr. CAHAN: If the hon. member wishes to have the word "the" inserted, I shall not object.

The CHAIRMAN (Mr. Sullivan): Then, the change will be to add the words "and the books."

Amendment agreed to.

Section as amended agreed to.

Sections 106 and 107 agreed to.

Section 108 stands.

Section 109 agreed to.

On section 110—Report of inspectors to be evidence.

Mr. CAHAN: I suggest that there be added after the word "investigated" in the third line the words "or by the seal of the Secretary of State." It would then read:

A copy of the report of any inspectors appointed under this act, authenticated by the seal of the company whose affairs they have investigated or by the seal of the Secretary of State shall be admissible in any legal proceeding as evidence—

We have found this difficulty, that when investigation is made of the affairs of a company at the request of the shareholders, the officers of the company have at times refused to authenticate the report by affixing thereto the company's seal, and we think it would be a good alternative to allow the report to be authenticated by the seal of the Secretary of State.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Mr. ELLIOTT: Is there a provision for compelling the inspectors' report to be sent to the Secretary of State?

Mr. CAHAN: The inspector is appointed by the Secretary of State, and so the report is delivered to the Secretary of State, following which authenticated copies are distributed to the persons interested.

Section as amended agreed to.

On section 111—Books of account. Contents.

Mr. CAHAN: I should like to have added as subsection 3 the following:

In case the operating accounts of the company are kept at some place outside Canada, there shall be kept at the head office of the company such comprehensive records as shall enable the directors to ascertain with reasonable accuracy the financial position of the company at the end of each three months' period.

We have a number of companies organized under the Companies Act which are operating outside Canada, and the directors who are bound to be cognizant of the financial operations of the company sometimes, if in a minority, are not able to inspect the operating accounts because they are held outside. In other cases the parties have complained that where an investigation was made of a company whose operations were wholly or in part conducted outside Canada the records at the head office did not disclose the material facts with regard to these operating accounts. Therefore in the interests of the shareholders and others interested I am suggesting this amendment to the effect that there shall be kept at the head office of the company comprehensive accounts from which the directors may ascertain with reasonable accuracy the financial position of the company at the end of each three months' period. It is very stringent but I think it is necessary.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 112—Duties of directors at annual meeting.

Mr. CAHAN: I suggest in subsection 2, paragraph (j) that the words "the amount of shares of each class subscribed for and allotted" be struck out and the following substituted therefor:

The amount of shares of each class issued and outstanding.

That is more definite and comprehensive, and I am sure it will be helpful.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 113—Amounts paid to directors to appear in statements.

Mr. CAHAN: I wish to suggest that there should be added at the end of subsection 3 the following words:

Provided that where depreciation, obsolescence and depletion are charged against manufacturing or operating costs by the company in its accounts, net operating profit

may be shown after depreciation, obsolescence and depletion, if the amount charged in respect of those items for the financial period is shown as a foot note to the statement of income and expenditure.

That has been suggested by the Society of Accountants and Auditors. Some companies out of their incomes set aside the necessary amounts for depreciation, obsolescence and depletion, and if they are charged against the manufacturing or operating costs by the company in its accounts, so that the net operating profit is shown after the deduction of these amounts for depreciation, obsolescence and depletion, a footnote shall be placed at the foot by the auditor explaining that fact.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Sections 114 and 115 stand.

Section 116 agreed to.

On section 117—Copies to be sent.

Mr. CAHAN: The word "is" at the end of line 40 should be changed to "in." It is a misprint.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 118—Appointment of auditors.

Mr. CAHAN: I suggest, Mr. Chairman, that subsection 5 be struck out. I will present the matter as fairly as I can for the consideration of the committee. Complaint has been made to the Secretary of State that when auditors are appointed by the shareholders and do their duty without fear or favour they sometimes incur unmerited reproach and are not likely to be reelected because of their persistency in presenting the real facts to the shareholders. That is the statement that has been made to me. In order to meet this I at first suggested subsection (5) which reads:

A person other than a retiring auditor may be appointed auditor of the company at an annual meeting as hereinbefore provided, only upon a resolution passed by at least two-thirds of the votes cast by shareholders voting on such resolution.

This clause has received widespread criticism as it is claimed that it places unnecessary difficulties in the way of selecting auditors. The previous clauses provide that if an appointment of auditors is not made at an annual meeting, the Secretary of State may appoint on behalf of the shareholders. It is also provided by subsection 3 that there must be notice of intention to appoint a particular person as auditor. It is contended that if notice of intention is given to each shareholder with regard to the appointment of new auditors, a majority vote should be sufficient. After listening to the discussion on both sides, I ask the committee to delete subsection 5 and renumber the other sections accordingly.

Mr. DUPRE: I move that amendment.

Amendment agreed to.

Section as amended agreed to.

Section 119 agreed to.

On section 120—Report.

Mr. BUTCHER: Could not subsection 3 be amplified slightly to provide that on the request of shareholders holding ten per cent of the stock or of any class of stock the auditor shall be required to attend the annual meeting?

Mr. CAHAN: We could let this section stand in the meantime.

Section stands.

Section 121 agreed to.

On section 122—Meeting of shareholders to consider compromise.

Mr. CAHAN: These are the provisions which exist in our act to-day and they are in accord with the revised provisions of the English act. It will be noticed that subsection 3 contains the words, "unless the said judge in his discretion otherwise orders." We have sought to preserve the discretion of the judge, and I think that is the only material change made.

Section agreed to.

On section 123—Meeting of shareholders.

Mr. CAHAN: There is a slight amendment in the twentieth line, to strike out the words "and voting."

Mr. DUPRE: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 124—Notice to dissenting shareholder.

Mr. ELLIOTT: Has this section any relationship to the act passed a year or two ago with regard to compromises between companies and creditors and tying up proceedings until a meeting is held?

Mr. CAHAN: Since the Canadian act was passed in 1927 certain amendments were made in 1929 to the English act. We followed that act in the first place and we are now endeavouring to maintain conformity in order that the English decisions may provide guidance to our legal fraternity.

Mr. JACOBS: I understand the hon. member for West Middlesex (Mr. Elliott) was referring to the amendment to the Bankruptcy Act. I assume that these provisions do not conflict with that act.

Mr. CAHAN: These are not in conflict with the Bankruptcy Act and they are also in conformity with the Companies' Creditors Arrangement Act passed a year ago.

Section agreed to.

On section 125—Books to be prima facie evidence.

Mr. CAHAN: In the fourth line the word "the" should be "be." I have another suggestion to make for a new subsection 2. Some of the legal fraternity have suggested that it might be held that this section would limit the meaning and effect of section 106, and in order to make it clear I suggest that the following be added as subsection 2:

Nothing in this section contained shall limit the meaning or effect of section 106.

Mr. DUPRE: I move those two amendments.

Amendments agreed to.

Section as amended agreed to.

On section 126—Proof of service by registering letter.

Mr. CAHAN: I have no suggestion to make except that the word "registering" should be deleted in the marginal note. This word is not included in the section itself.

Section agreed to.

Sections 127 to 132 inclusive agreed to.

On section 133—Time from which service reckoned.

Mr. MERCIER (St. Henri): Why should not this be by registered letter?

The CHAIRMAN (Mr. Sullivan): That is covered by section 126.

Mr. CAHAN: This is simply the notice of meeting and we thought the ordinary mail would be sufficient. The usual procedure is for the secertary to make affidavit at the opening of the meeting that he has posted the notices and delivered them to the post office.

Mr. MERCIER (St. Henri): That is covered by section 131, and I am satisfied.

Section agreed to.

Sections 134 to 138 inclusive agreed to.

On section 139—Application of part.

Mr. CAHAN: This section is intended to apply to all corporations incorporated under it, and to certain others, so that after the word "applies" in the first line I suggest that we should insert the words "to all corporations incorporated under it and," so as to make its meaning clear. Part of the line was dropped out in the printing.

Mr. DUPRE: I move that amendment.

Amendment agreed to.

Section as amended agreed to.

On section 140—Application without purpose of gain.

Mr. JACOBS: There are important amendments to section 140.

Mr. CAHAN: With regard to applications for incorporation for certain purposes, provided the company operates without pecuniary gain and for objects of a national, patriotic, religious, philanthropic, charitable, scientific character, and so on, that provision had previously been inserted by an amendment in the main provisions of the Companies Act. Difficulties arose by incorporating these provisions in the Companies Act, and therefore to obviate these difficulties and prevent confusion, part 1 deals with the incorporation of companies for commercial and industrial purposes, having share capital, and we have taken out from the old Companies Act those provisions which applied to corporations without share capital, and have inserted those provisions in part 2, which applies exclusively to corporations without share capital. That is the only change made, I think.

Mr. BUTCHER: Subsection 4 in the present act provides that

By-laws or regulations not embodied in the letters patent may be repealed or amended, but such repeal or amendment shall not be in force or acted on until the approval of the Secretary of State has been obtained.

Why was this subsection deleted?

Mr. CAHAN: In clause (c) of subsection 2 of section 141 we have provided that the application for the charter and the charter shall provide the mode of repealing or amending by-laws, with special provision that the repeal or amendment of bylaws not embodied

in the letters patent shall not be enforced or acted upon until the approval of the Secretary of State has been obtained.

Section agreed to.

Sections 141 to 146 inclusive agreed to.

On section 147—Powers constructively conferred by charter.

Mr. CASGRAIN: Will the minister give some explanation of this?

Mr. CAHAN: Throughout the history of Canada we have been incorporating by special statutes separate and distinct companies, and we have always provided in a general act that certain general clauses should apply to those companies which are incorporated by special statute. This is simply a re-enactment of the special clauses which apply to companies incorporated by special statute, bringing those clauses, in one or two instances, into conformity with the general provisions of the Companies Act.

Section agreed to.

Sections 147 to 159 inclusive agreed to.

On section 160—Shares to be personal estate.

Mr. JACOBS: There is an amendment in this section. It is stated that the shares in the capital stock of the company shall be personal estate. Are they not now?

Mr. CAHAN: The present act speaks of capital stock and the owners of capital stock. That is confusing, and we have introduced throughout the words "shares in the capital stock," which is the proper nomenclature.

Section agreed to.

Sections 161 to 181 inclusive agreed to.

On section 182—Contracts by agents and officers.

Mr. CAHAN: I will ask that this section stand as it is one about which hon. members have asked for further consideration.

Section stands.

Sections 183 to 185 inclusive agreed to.

On section 186—Liability in case of loans by company to shareholders.

Mr. JACOBS: Anything new there?

Mr. CAHAN: The company is liable not only for the loan but for interest as well. If malfeasance of a director leads to the making of an improper loan, he should be responsible not only for the return of the principal but for the interest which has accrued thereon in the meantime.

[Mr. Cahan.]

Mr. ELLIOTT: There is no change in the penalty.

Mr. CAHAN: Yes, there is. It will be remembered that a case arose in which it was claimed that in the event of such a loan being made the directors who made the loan were liable to the creditors of the company for all debts, and we have provided that they shall be jointly and severally liable to the amount of such loan with interest to the company and also to creditors of the company for all debts of the company then existing. In other words, it must be a then existing debt for which they are liable.

Mr. ELLIOTT: That is, existing at the time of the loan?

Mr. CAHAN: Yes.

Section agreed to.

Section 187 agreed to.

On section 188—Liability of directors for wages unpaid.

Mr. BUTCHER: A change has been made in this clause. Section 196 of the present act reads:

> The directors of the company shall be jointly and severally liable to the labourers, servants and apprentices thereof, for all debts, not exceeding one year's wages, due for services performed for the company whilst they are such directors respectively, but no director shall be liable to an action therefor, unless the company is sued therefor within one year after the debt became due, nor unless such director is sued therefor within one year from the time when he ceased to be such director, nor unless as execution against the company at the suit of such labourer, servant or apprentice is returned unsatisfied in whole or in part.

In clause 188 of the new bill I notice the period for which wages are due to employees is reduced to two months. Why is that?

Mr. CAHAN: The hon. gentleman has indicated the change. Hitherto, under the old act, directors were jointly and severally liable personally for all wages for a period of twelve months. In respect of companies employing a large amount of labour, this simply meant that a director who might be very wealthy to-day would to-morrow have everything he owned wiped out simply because of the large amount of wages which might have accrued. In reconsidering this we thought under modern conditions provision for two months' wages was satisfactory. Wages are usually paid monthly and if they are not paid for two months, then we suggest making the directors personally liable; but to make them liable for anything in excess of that would

place a very heavy liability on directors and make it almost impossible to procure directors for companies which may be very large employers of labour. I am, however, in the judgment of the committee.

Mr. MERCIER (St. Henri): Why should the period not be three months instead of two?

Mr. CAHAN: I am quite willing to make it three months instead of two.

Mr. MERCIER (St. Henri): I move that in the third line of section 188 the word "two" be replaced by the word "three."

Mr. GARLAND (Bow River): I protest against the change and also against the amendment; they are both quite inadequate. The old legislation provided for twelve months' wages; that the directors should be liable for wages for the full twelve months. If there is anybody who should get what is coming to him it is the worker in the factory and I am still convinced that directors should direct and therefore should be held responsible afterwards for unpaid wages. This action on the part of the minister appears to me to be quite retrogressive in decreasing the liability of the directors for wages from twelve to two months; in any case the reduction is too extreme.

Mr. CASGRAIN: In the Bank Act the liability is put at three months.

Mr. GARLAND (Bow River): I am talking about this legislation. I should like the minister to state any case of extreme hardship under the operation of this section under the old act. Can he give any single case?

Mr. MERCIER (St. Henri): An industrial company that could not pay wages for a year is one that would go into bankruptcy long before that.

Mr. CASGRAIN: In the Bank Act clause 88 limits claims in respect of wages to three months. Wages, salaries or other remuneration of persons employed shall have precedence over the claims of the bank for a period not exceeding three months.

Mr. CAHAN: I am in the judgment of the committee. Personally I would not vote to make the period a year because I think it is excessive. If employees, servants, officials of a company are not paid within a period of three months, which is the term my hon. friend suggests, they should take appropriate means to obtain a judgment and security by judgment and levy against the property of the company. I do not think it is right or just that in many cases officials such as clerks and others who are receiving large salaries should hold off for month after month and then proceed against the directors of the company. I know in one case, although I had not this in mind when this change was made—the change was made by a general recommendation—I was not compelled thereto by the court, but, recognizing the law, I paid out thousands of dollars of my own money in order to pay off clerks and other officials employed in a company when I, as a director, had no knowledge that their salaries were accumulating. They knew I was then a man of some means and could be compelled to pay, and they thought to secure judgment against me. I state that from my own experience and it happens in many cases. It is quite right that a period of two or three months should be provided, but employees ought to take proceedings before the assets of the company are completely dissipated and not rely entirely upon the responsibility of an individual director who may have no knowledge or notice of the fact that their salaries are not paid.

Mr. MERCIER (St. Henri): We must not forget that this is a special privilege given by section 188 against individuals in connection with the salaries of workingmen. In the province of Quebec a workingman is only entitled, according to law, to the last twenty days unpaid, as a privilege.

Mr. CASGRAIN: I do not know if there is an amendment before the committee, but if there is no amendment I will move that it be made three months. I do not see anything wrong in that when in the Bank Act it is also made three months.

Mr. GUTHRIE: This is hardly the same as the Bank Act. In that act it has to do with a claim against the assets of the company, while this is a personal claim against the directors of the company.

Mr. CASGRAIN: The directors are supposed to be responsible.

Mr. GUTHRIE: Under the Bank Act it is the assets that are liable, and there is a three months' preferential claim allowable for wages. In the present act there is a personal claim against the directors of a company.

Mr. CASGRAIN: I do not see that there would be anything wrong in making it three months.

Mr. GARLAND (Bow River): I do not see that it would be wrong to leave it in its original form. Neither the minister nor

any other member of the house has yet adequately justified the proposed amendment. I do not see why the minister is now cutting down the period from a year to two months, nor do I see the point of the hon. gentleman to my right in raising it one month more. While I may be affected to some slight degree by the personal experience of the minister I do submit after all that he was in a better position than the unfortunate wage earners were at that time, and that his suffering was considerably less than theirs. In my opinion the government will not improve their position by amending this legislation in this way.

Mr. JACOBS: Does my hon. friend want to improve the position of the government?

Mr. GARLAND (Bow River): If they can improve their position by passing good legislation that takes into consideration the well being of the masses of the people rather than of a few directors, I am in favour of their doing so.

Mr. JACOBS: Does my hon. friend know that this is an exceptional law? The indebtedness is always due by the company, but inasmuch as the workmen may or would suffer they have incorporated a special clause which says that in addition to the company proper the directors also will be responsible. That is why we want to make it as light as possible on the directors, because at common law they are not responsible; it is the company that is responsible. By special statute, however, we are saying that inasmuch as the directors might have exercised more care and prudence in seeing that the people were paid, they should be penalized by being made personally responsible in addition to the responsibility of the company.

Mr. GARLAND (Bow River): I do not think the directors should be allowed to escape the full onus of their responsibility if they neglect to inform themselves in connection with the affairs of the company.

Mr. CASGRAIN: They do not.

Mr. GARLAND (Bow River): The hon. member has interrupted quite a lot, but I am not sure that he knows very much about it.

Mr. CASGRAIN: I know as much as you do.

Mr. GARLAND (Bow River): Then I am surprised that the hon. member is not defending the rights of the workingman rather than the rights of the directors.

Mr. CASGRAIN: I am doing it in my own way.

[Mr. E. J. Garland.]

Mr. MERCIER (St. Henri): I doubt if there has been a workingman who has had to claim wages for one year.

Mr. CAHAN: Unless you change this statute it simply means that the moment a director finds that there is a delay in the payment of the wages of the employees he will resign to escape this liability, because the moment he resigns he is free of further liability. What we desire is to have a provision in this statute by which the director will know exactly what liability he assumes personally by continuing to give his services in the direction of the affairs of the company. Rather than have wholesale resignations such as we have seen in past years to escape this personal liability I was suggesting that the period be made two months. I am perfectly willing to accept three months, or if the committee prefers four months I am quite willing to accept that. My own view in the matter is not decisive, but if we continue the section as we have it now, so that a director's liability for wages continues for one year you will find in the future, as you found in the past, that you will simply provoke the resignation of directors without protecting the workingmen.

Mr. BUTCHER: I notice that under part I of the present act directors are liable for wages for six months. That is in section 113, which reads:

> The directors of the company shall be jointly and severally liable to the clerks, labourers, servants and apprentices thereof, for all debts not exceeding six months' wages—

That is in the case of a public company. Here we have the case of a company incorporated by statute, where the period of responsibility is twelve months. I think that is excessive; I agree with the Secretary of State, and I am quite willing to support the amendment, reducing it to six months.

Mr. CAHAN: Supposing we agree on six months, which is certainly ample.

Mr. MITCHELL: I cannot agree to that. The minister said he had received representations from many sections of the country, from men skilled in this form of legislation. So far as I know he has not consulted any of the labour organizations in this connection. I do not know that any great injury was done to business under the old legislation, and I think some protection is due the men and women engaged in industry, under legislation of this description. I do not see any reason for the change.

Mr. GUTHRIE: Does it occur frequently or at all that wages are in arrears for twelve months?

Mr. CASGRAIN: That is what I was going to ask.

Mr. GUTHRIE: I remember when the particular clause in the Bank Act that has been referred to first came up for consideration in this house; I recall that I had the honour of putting it in the Bank Act, and at the time it was very bitterly opposed by certain interests. Until the revision of 1913 there was no protection, and I claim to be the author of that clause, as the records will show. It was represented to me at that time that three months was ample. I brought in the clause at the instance of trade and labour organizations in Guelph, where men had suffered very serious losses through the failure of two companies, which I well remember. At that time it was represented to me that very seldom, if ever, were wages allowed to go three months in arrears. I do not know the situation to-day, but in my experience wages are not allowed to run in arrears for a year. Personally I would think that six months would be ample to protect the rights of the wage earners, though I have no very strong opinion one way or the other, except that they should be protected.

Mr. BURY: I find myself rather opposed to the suggested change, for I think a director can very well protect himself. But if it is to be changed to six months I would suggest that where a director has positive knowledge that the company is carrying on without paying its servants, that positive knowledge should make him liable for twelve months, and exonerate the directors who have no positive knowledge that the company has been carrying on so long without paying its labourers and servants, or limit their liability to six months. I think a director who is a party to carrying on the business of a company, knowing that the employees are not paid, should pay for what he knows. After all, it is easy to say that employees should take action against a company, but in most cases,—and especially with conditions as they are to-day —employees do not wish to take actions for wages, because it would mean that they would be put out of employment. They hold on to their jobs in the hope that the business of the company will improve, and that ultimately they will be paid. If an amendment could be made in such a way as to make a director who has positive knowledge that the employees and servants of the company are not being paid liable for twelve months, and the directors who do not know and who have not that knowledge for six months, I would have no objection.

Mr. RYERSON: How are you going to do that?

Mr. BURY: Let the matter be brought to the knowledge of the directors by employees of the company.

Mr. DUPUIS: On whom would the burden of proof be placed, the director or the employee, to prove that the director has knowledge of the fact that wages are not being paid?

Mr. GARLAND (Bow River): Yes, how could that be proved?

Mr. BURY: I think there would be no difficulty. Naturally, the burden of proof would be on the servant or the employee.

Mr. DUPUIS: That would be unjust.

Mr. BURY: It would be on the employee who is making the claim. He could give positive notice to the directors in whom he has faith, and in that way he would be in a position to prove that he called the attention of the directors to the fact that his wages had not been paid.

Mr. ELLIOTT: I think the change from twelve months to two months is too radical. I agree however that twelve months is too long. I cannot accept the point of view of the hon. member who has just spoken, namely that we will be much farther ahead, or that the wage earner will be much farther ahead if he has imposed upon him the obligation of showing that a director had knowledge. As a general rule, the substantial man among the directors against whom the old section operated most harshly would not have the knowledge. Frequently, even if he did have it, it would be quite difficult if not impossible to prove it. My recollection of the law with regard to preferential liens for wages, under our own Assignments and Preferences Act, was that the period was for three months. I am speaking only from memory, but that would seem to be about the proper time. As this is a change from what we have had previously I would favour going no farther than cutting the previous time in two. I think it should be a six months limitation.

The CHAIRMAN (Mr. Sullivan): The amendment before the committee is that the word "two" be replaced by the word "six."

Mr. JACOBS: If we accept the amendment we will have to revert to section 96.

Mr. CAHAN: That applies to another class of companies.

Mr. JACOBS: But they are companies, and it makes no difference to the labourer how a company is incorporated. We cannot make fish of one and flesh of another. If we change one to six months I suggest we should change the other to six months.

Mr. CAHAN: They do not apply to the same companies.

Mr. JACOBS: I know that.

Mr. MacINNIS: I was wondering who asked for the change in the section, the representatives of the companies or the representatives of the employees.

Mr. CAHAN: I can tell the hon. gentleman at once that this does not arise from a suggestion of mine. In the last two years we have had case after case concerning small companies conducted in towns and villages by directors who have handed in their resignation because they were becoming liable for unpaid wages. Their employees have gone to them and besought them to remain in office so that the enterprise might be carried on for a longer time in the hope that some compromise might eventually lead to the reestablishment of the company. Under the old arrangement the only alternative to the director was to resign, to get out and to leave the company to await dissolution.

Mr. MacINNIS: As the government is bringing in this measure they will certainly take some responsibility for relations between employers and employees. Instead of reducing the number of months I think there could be a clause inserted in the bill whereby the onus would be placed upon a company to notify the Secretary of State that such company was no longer able to pay wages. Then it would be the function of the government to take whatever steps were necessary under those circumstances to protect the employees. But we are not going to protect them by simply reducing the number of months.

Mr. CAHAN: So far as I know this clause does not affect only the ordinary day labourer. It includes superintendents, clerks, and a whole body of well paid employees and officials. The ordinary employee has his three months' preferential right with respect to the entire assets of the company.

Mr. GARLAND (Bow River): I have lost my understanding of the English language if the interpretation given by the minister is correct.

Mr. CAHAN: I said in actual operation.

[Mr. Jacobs.]

Mr. GARLAND (Bow River): The clause does not refer to high paid officials, but refers to clerks, labourers, servants and apprentices.

Mr. CAHAN: The term "clerk" has a very broad meaning.

Mr. GARLAND (Bow River): It evidently has, in the mind of the minister.

Mr. GUTHRIE: It really includes the whole staff.

Amendment agreed to.

Section as amended agreed to.

Sections 189 to 205 inclusive agreed to.

On section 206—Registration and transfer offices within and without Canada.

Mr. CAHAN: In order to make this clause consistent with other clauses as amended I propose an amendment to it. The amendment has been printed in the votes and proceedings, and I believe hon. members are familiar with it. There is nothing inconsistent except this, that it provides not only for the registration and transfer of shares but for the registration of bonds and other outstanding securities. The provision with regard to registry is the same as that already adopted in the previous provision, and it applies to all companies. At the present time under the Ontario Companies Act there is a provision that if there is an improper registry application may be made to the court on a summary proceeding. We did not have that provision in the Companies Act of Canada, and therefore I am providing that the court of any province in which the head office or chief place of business of the company is situate, shall have jurisdiction upon the application of any person interested, to order that any improper entry in the books for the registration and transfer of shares of the capital stock of a company may be struck out or otherwise rectified on the ground that at the date of such application the entry as it appears in any such book of registry does not accurately express or define the existing rights of the person appearing to be the registered owner of any shares of the capital stock of the company; and the court, in deciding such application, may make such order as to costs as the court may deem proper.

Then subsection 5 is new. It reads:

An application for the rectification of any entry under the next preceding subsection may be made either by filing with the proper officer of the court a petition or an originating summons or notice of motion; and the court may direct the trial of any issue arising out of such application.

It introduces a provision with respect to dominion companies whereby in case a rectification of the register and transfer book is required to prevent fraud, a summary application may be made to the court by petition as in the province of Quebec, where an originating summons does not form a part of the procedure. In other provinces the usual procedure is by an originating summons or a notice of motion, and on that the judge can hear the application and state an issue to be tried summarily. A similar provision exists in some of the provincial acts, but in respect of the dominion act it has always been necessary heretofore to commence a substantive action in the ordinary course.

Mr. DUPRE: I move the amendment accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Sections 207 and 208 agreed to.

On the schedule.

Mr. CAHAN: At page 98, line 27 of form 1 of the schedule there should be a blank space before the word "shares."

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Schedule agreed to.

Mr. BURY: A complaint has been made that, in the case of companies which have set up subsidiary companies, the shareholders of the main company are not given the information to which they are reasonably entitled as to the operations and financial position of the subsidiaries. One company in particular which has a number of subsidiary companies was mentioned to me. The subsidiary companies have lost considerable funds, and the shareholders of the original company, as I understand it, have not been able to get information as to the financial condition or operations of the subsidiary companies. Can the Secretatry of State tell me whether there is any provision at all in this bill covering that?

Mr. CAHAN: There are provisions in the bill which require a very full disclosure with regard to subsidiary companies. Those sections now stand for further consideration. In the meantime I will bring them to the attention of the hon. gentleman in case he should wish to make any other suggestions.

Mr. JACOBS: Might I ask if the bill will be reprinted before it comes up for third reading?

Mr. CAHAN: I did not intend to reprint because every one of the suggested amendments will be found in the votes and proceedings of this morning.

Progress reported.

INQUIRIES ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 84, to amend the Inquiries Act.

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

On section 1—Authority to confer powers upon.

Mr. CASGRAIN: May we ask the hon. minister who is in charge of this bill to give us an explanation? I see it contains only two clauses.

Mr. GUTHRIE: The explanation is very simple. We propose to add a new part, part 4, to the Inquiries Act. The purpose of it is to enable international commissions and tribunals to take the evidence of witnesses in Canada, subject to such limitations as the governor in council may impose. Part 1 of the present Inquiries Act provides for the issue of a royal commission to take evidence and conduct inquiries in Canada. It frequently happens that another nation issues a commission and desires to take the evidence of persons in Canada. There is no power at present to grant them that right, and so it is proposed by this bill that when the governor in council sees fit, and under such limitations as he may impose, this courtesy shall be extended to other nations which extend the like courtesy to Canada.

Mr. CASGRAIN: Does that mean that these commissions will examine witnesses and inquire into facts in Canada at the instance of other governments?

Mr. GUTHRIE: Yes.

Mr. CASGRAIN: Has the minister any case in mind which brought to his attention the necessity for such a provision? Has there been any case where we did not have but wanted such a provision?

Mr. GUTHRIE: I think I could suggest them. The bill is brought in at the instance of the Department of External Affairs as a matter of courtesy to nations that grant us the same privilege.

Mr. JACOBS: Does that apply to criminal as well as civil matters?

Mr. GUTHRIE: No, the Inquiries Act applies only to civil matters.

Mr. CASGRAIN: What inquiries might be instituted under subsection 2.

Mr. GUTHRIE: Inquiries in connection with estates which have been held in abeyance and things of that kind are the only requests of which I have heard.

Mr. ELLIOTT: Subsection 1 reads: "The governor in council may, whenever he deems it expedient," and so on. Is it intended that each application shall be dealt with separately?

Mr. GUTHRIE: Oh, yes, no commission will issue except on special application.

Mr. JACOBS: I suppose we have corresponding rights in other countries?

Mr. GUTHRIE: Unless we have we will not issue a commission.

Mr. JACOBS: Reciprocity.

Mr. ELLIOTT: A step in the right direction.

Section agreed to.

Bill reported.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. Gobeil in the chair.

Entomology, including investigations and inspections relating to destructive insects and pests, $350,000.

Mr. MOTHERWELL: We were discussing this item last Friday and the concluding words of the minister were that last year there had been no neglect of the grasshopper work, that everything was done properly and expeditiously. I do not know personally but what it was but I pointed out that whoever was to blame, the fact was that the provincial government ran out of poison bait on more than one occasion giving the grasshoppers a free fling for quite a while. The result was that their flight was more general and scattered and they spread to pastures new as far north as the North Saskatchewan river, and likewise over the other prairie provinces, according to grasshopper maps supplied by the minister's officials. I should like to know if any of the votes under the relief act were earmarked for the control of grasshoppers last year? I know there is one this year of a million and a half dollars.

[Mr. Jacobs.]

Mr. WEIR (Melfort): I could not say how the money was supplied. My memory is that it was in the nature of a loan to the province but I believe there was no special earmarking. One of the difficulties last year was that the organization was not as complete as it is this year. This year every energy of both governments has been devoted to this problem.

Mr. MOTHERWELL: The votes and proceedings indicate that there is a large loan of a million and a half dollars for the control of grasshoppers in Saskatchewan during the month of May alone. I was just wondering how much of this was to control grasshoppers and how much was to control "Grithoppers." A vast sum has been poured into Saskatchewan; I am not critical as they will need it and a lot more to secure any political results, but I should like to direct attention to the support or lack of support given last year and that given this year. Last year there was no election and the grasshoppers had it pretty nearly their own way. I am not critical except to approve about money being spent to control grasshoppers but there is such an amazing difference between the amount going to Saskatchewan and that going to the two adjoining provinces for all purposes. As far as I can make out, the other provinces are covered with an equal density of grasshoppers, but a lesser crop acreage. The maps show that Saskatchewan is well in the red but so are Manitoba and Alberta. There are no large sums, or indeed any at all, going out to control grasshoppers in Alberta and Manitoba but there are no elections in those two provinces. I think the minister would be well advised to post himself on these things. I have been unable to get to the bottom of it but I have learned enough to know that millions are being poured into Saskatchewan and relatively much more than the adjoining provinces combined. It has not been a few thousands at a time, it was a million and a half at a time and there have been nearly $6,000,000 poured into Saskatchewan for grasshopper control, relief road work, etc., during this month of May, and it is not out yet. There may be another loan shower before the end of the month. The areas in the other provinces may not be quite as large, as Saskatchewan turns out a crop nearly equal to that of the other two provinces combined, but these other provinces have nearly as many grasshoppers.

Sir GEORGE PERLEY: Will the hon. gentleman explain what he means by saying that $6,000,000 have been sent this month to Saskatchewan to look after the grasshoppers?

Mr. MOTHERWELL: Not the whole of it. There was a million and a half for grasshoppers plus the balance of the six million for relief, public works and roads. All of this is very handy in an election year.

Sir GEORGE PERLEY: Does the hon. gentleman object to this government loaning money to Saskatchewan?

Mr. MOTHERWELL: Oh, no, but you will not get their votes that way. I have the dates and amounts for ten items. There was $149,000 on the last day of April. However, this appears in the votes and proceedings on May 1 and we can follow the same procedure on June 1. On May 1 there was $1,500,000; on the same date there was another $1,500,000 for relief from drought and relief from grasshopper damage. This was not for control but for relief occasioned by the damage done by the grasshoppers. On May 3 there was $9,800; on May 8, $35,000; on May 10, $5,000; on May 16, $7,000—I am just giving the round figures—on May 17, $10,000; on May 23, $700, and on May 21, $750,000. On May 23 there was $500,000—that was the one we were discussing the other night—and on the same day, $1,500,000, making in all $5,958,569—and, to be exact, 79 cents. I do not know what that was thrown in for, I am sure, but it will not kill many hoppers. I suppose, however, it was to be exact.

Now for Manitoba, and here is the map. I have not the combined map showing all the prairie provinces consecutively; I forgot to bring it down but I have it. It shows the expansion of these grasshoppers last year owing to the neglect of the government to do anything special to cope with the evil as they admittedly are doing this year. I have looked over the entire lot of loans sent out to all three prairie provinces but I could not find any one that was sent out earmarked for grasshopper control except the $1,500,000 loan on May 23 to Saskatchewan, exactly the same as this one. This is the only one of its kind which I know of, in any year since confederation. It is to be found at page 360, being order in council No. 1051 of May 23, 1934, authorizing the loan of $1,500,000 to Saskatchewan for the purpose of meeting commitments incurred or to be incurred in extending relief to farmers in the province by way of grasshopper control, and by loans to the farmers covering seed operations for the 1934 crop season, including purchase of seed grain. So that it is not all for grasshoppers. But that is the only one I have discovered in any year in any province since grasshoppers were, well, knee high to a grasshopper. I think we are entitled to a good deal more explanation than we have had.

And what about Alberta? I am not here to plead for Alberta, but that province is as red as a fox on the map with grasshoppers over almost as large an area but doubtless not all cropped area. And here you have Manitoba in the same plight. What do they get for the month of May? The total federal loans to Alberta for all purposes in the month of May amount to $1,159,168, and for Manitoba—poor little Manitoba; she used to be called the postage stamp province but she is not that now, though she is as regards the amount she gets in this connection—$1,101,258 loan, for all purposes, but none earmarked for grasshopper control.

The bright idea just dawned on this government, the very next day after we discussed the subject a week ago last Friday, that it would be a good plan to earmark some of this for grasshoppers. The records show this; they show that it was done either on the Saturday following that Friday's discussion or on the following Monday. Of course, all this does not prove anything, but as I said before, it was a remarkable coincidence that all this money should be pouring into Saskatchewan at the time of an election, to the tune of nearly $6,000,000, while this relatively small amount—$2,260,426—is loaned to the two adjoining provinces put together.

I think the minister should make an explanation; the explanation should not come from myself, but in justice to myself, and in view of what I said the other night, I have dug these facts out of the votes and proceedings. And here are the official maps drawn by the minister's own department.

Sir GEORGE PERLEY: I am sure the hon. gentleman does not want to make political capital—

Mr. MOTHERWELL: Oh no, but I want to let the country know what my hon. friends are doing—

Sir GEORGE PERLEY: Quite so.

Mr. McINTOSH: Are they trying to buy them with their own money?

Mr. MOTHERWELL:—pour into that province another five millions. I will not object to it, but I can tell my hon. friends that it will be of no avail to them politically. Nothing will save the situation for them out there—not if they put in the entire agreement amount, and I do not know what that is. Maybe my hon. friend opposite, the dean of the government, who is getting a little bit worried, will let us know to what amount they go in the agreement with Saskatchewan this year. What is the aggregate of loans to Saskatchewan provided for under the last agreement?

Sir GEORGE PERLEY: As regards these loans in May, this month, they were in part a direct loan but in greater measure they were simply renewals of old loans. The province had not been able to pay, and if the hon. gentleman thinks we ought to force Saskatchewan to pay now, he will have to consult the province.

Mr. MOTHERWELL: I did not count the old loans; that would be additional.

Sir GEORGE PERLEY: I beg your pardon—

Mr. MOTHERWELL: I did not count the old loans in this. I am quite familiar with the difference between new notes and renewal notes. These are new orders. Let the ministry who have charge of it all give us the correct figures if I am wrong. Let the vote stand until we know what is going on, because we are entitled to know why all this money has been going out to Saskatchewan at this particular time and no assurance that any will be spent at all on grasshopper control. I would suggest to the members from Ontario that they check up on how much is going into that province just now. It would be just accidental of course, but it is an interesting study.

Maybe there will be enough out of the six millions loan to clear up the grasshoppers; if so it will be much better than was done last year otherwise the next flight will land the hoppers up into my hon. friend's constituency. On the west side of the province they are up to the north Saskatchewan, and they will be up through Melfort unless they are kept down this year much better than last. This six millions may do the trick, but I would suggest that they reserve a little bit for the grasshoppers and not all for the Grithoppers. The minister ought to make a statement before six o'clock. I notice that the press carried a beautiful statement from him last Saturday but that is all they did carry. Will they carry anything of this expense, I wonder. If so they will need to view it from a different angle. But I don't care a continental whether they do or not. That is for the benefit of the gallery.

The grasshoppers' eggs are deposited through Saskatchewan from the Manitoba boundary to the Alberta boundary, going up as far north in Manitoba as lake Manitoba, lake Winnipeg, east of Winnipeg and right out to the Saskatchewan frontier. If my hon. friend will consult his officers he will find that the area covered with grasshopper eggs and grasshoppers this year is four times as large—well, I will not say four times because I have not made measurements, but at least three times as large as last year. And this is due largely to the fact that the Saskatchewan government had not the poison dope to keep the hoppers down before they started their flight and were not supplied with any earmarked loan for hopper control by the federal government as has been done this year.

The statement my hon. friend made last Friday was not strictly accurate when he said it was not attributable to the neglect of the government. Whose neglect was it? It was a bankrupt province they were dealing with a year ago just as much as now, but it was not an election year, and the grasshoppers had their full swing with the result that we are faced now with an invasion three times as dangerous as we had a year ago. The minister gets out a nice statement indicating that he had an agreement or arrangement with the United States. But the United States government spent much money last year, on the fight against hoppers, and my hon. friend cannot tell me whether his own government contributed anything other than advice and supervision. It would be a relief to me to learn that he had, because that would exonerate them from some blame and the suggestion that they gave money for grasshopper control only in the year of an election. There are enough prospective grasshoppers now to eat sixty per cent of the entire crop in Saskatchewan, we are officially informed, but the minister hopes to save fourteen bushels out of every fifteen.

An hon. MEMBER: Grasshoppers?

Mr. MOTHERWELL: I don't mean bushels of grasshoppers. He hopes to save, out of every prospective fifteen bushels of wheat to the acre, fourteen bushels. If he can do that he should be kept on as Minister of Agriculture from now until eternity, or at least until the grasshopper plague is over. Nobody has so far been able to do it and I shall be the first to congratulate the minister and his officials if they can. There is no doubt good work was done in the preparatory operations of last fall. As was pointed out, however, by the hon. member for Willow Bunch (Mr. Donnelly), the government officers were out advising, supervising, telling the farmers what to do—to plough deep and bury the eggs. Hon. members know the old ditty:

Plough deep while sluggards sleep
And you shall have corn to use and to keep.

How could the farmers plough deep with their skinny horses, the bones just cutting through the hide, and the government coming along with the oats two months too late, at the tail end, always behind like a cow's tail? In the meanwhile the grasshoppers are hopping around and getting their work in. That is the situation. I shall be the first to congratulate the minister if he can show that he has had big loans earmarked by orders in council for hopper control last year. I shall still have some inquiries as to why over five times as much money is pouring into Saskatchewan in the month of May as into Manitoba. This may be just an accident; there is an election on in Saskatchewan but surely that is not the only reason.

Mr. McINTOSH: Three weeks from today will tell the tale.

Mr. MOTHERWELL: The two adjoining provinces are nearly as red as ours with grasshoppers, but they are not getting as much together as Saskatchewan is getting alone nor nearly half as much, and none at all for hoppers. Will the minister kindly explain?

Mr. WEIR (Melfort): To clear up one reference made by the hon. member for Melville about the saving of fourteen bushels out of fifteen bushels to the acre, may I say that that statement was made with the qualification: If the farmers would carry out the program as outlined. It was not on the basis of an estimate; it was on the basis of actual results as having taken place when thorough control methods were lived up to.

Mr. MOTHERWELL: I think that would be right. If there were enough grasshopper bait and sufficient man help to distribute it, that could be nearly done, I think.

Mr. WEIR (Melfort): The areas that are infested with grasshoppers are as follows:

Very Severe

Province:	Acres
Manitoba	661,000
Saskatchewan	18,123,000
Alberta	3,064,000

Total Area of Crop Land Requiring Organized Control

Province:	Acres
Manitoba	2,000,000
Saskatchewan	14,755,000
Alberta	3,500,000

Mr. McINTOSH: Just what parts of the three provinces do those figures cover? Mostly in the south and centre?

Mr. WEIR (Melfort): Mostly south and centre.

It is rather difficult for one coming from Saskatchewan and having been as closely in touch with conditions in that province as I have been through the portfolio I hold, to reply with any degree of restraint to what I consider the most unworthy exhibition that has ever been given in this house since I have had the honour to be in it—

Mr. MOTHERWELL: Hop to it as far as you like.

Mr. WEIR (Melfort): —and especially because of the support the hon. member for Melville was given by the hon. member for North Battleford, also from the province of Saskatchewan.

Mr. McINTOSH: Hear, hear.

Mr. WEIR (Melfort): And the hon. member says "hear, hear," showing that he has no shame with reference to the remarks he has made. The method of dealing with grasshoppers, outside the supplying of poisoned bait, is that of ploughing down the grasshoppers at times when it is recommended that this operation should take place. In Saskatchewan we have 18,000,000 such acres that have to be cultivated and prepared to meet and defeat the ravages of the grasshoppers. The regrettable part is that this area is one where for years there have been successive total or very considerable partial crop failure. The result is that the farmers there are not equipped with feed to carry out these operations or with gasoline for those who use tractors. It is in this connection that the money is advanced so that they may pay for feed that is bought and for which commitments have been made or where necessary that they may buy more feed for this particular operation. For this purpose some of this feed has been already purchased and used and this year the same as other years the identical policy has been followed of meeting the demands of the various provinces when they submit a statement to us that they are in a position to deal with the abnormal demands made upon them. This is true particularly in connection with Saskatchewan that has been hit incomparably with other provinces by forces over which neither they nor any other human agency had any control. In Saskatchewan the cost of feed for live stock, including the price of the feed itself and also the freight, has been the biggest load they have had to carry. The area being

so extensive necessitates a long rail haul and heavy charges in getting the feed into the districts from localities where a supply of it is available. That is why it has been necessary for us to make these large payments and I can assure the hon. member for Melville (Mr. Motherwell) and the hon. member for North Battleford (Mr. McIntosh) that I could not imagine any greater contrast than the attitude of the members of the government of Saskatchewan who have for the past four years been charged under drastic conditions with the administration of the affairs of that province and especially of looking after the farm population and that of the hon. members whom I have named. Their whole outlook toward public service or public administration or public welfare seems to be in this case in the open with guards down, purely political. In that respect one could not expect anything else; they are worthy followers of their leader who not only made the statement but repeated it at a later sitting of the house in 1930, showing that it was well thought out, that his attitude towards public funds was this, that when a province had a government that was not of the same political party as his own he would not give a five cent piece.

Mr. McINTOSH: That is a lot of rot.

Mr. WEIR (Melfort): His whole attitude was political and I say that the hon. members who have spoken this afternoon have certainly given ample evidence that they are his worthy and true followers.

Mr. MOTHERWELL: What is my hon. friend giving evidence of? He has made no answer to my statement except a lot of blather about a number of other irrelevant matters.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

THIRD READING

Bill No. 28, to incorporate Ancient Foresters' Mutual Life Insurance Company.—Mr. Bell (West Hamilton).

CRIMINAL CODE AMENDMENT

Mr. P. F. CASGRAIN (Charlevoix-Saguenay) moved the second reading of Bill No. 83, to amend the criminal code (lotteries).

[Mr. R. Weir.]

He said: As I said on a previous occasion, Mr. Speaker, the object of this bill is to amend section 236 of the criminal code which makes it an offence to print or conduct a lottery scheme, or to sell or buy lottery tickets. Subsection 6 of that section excepts from the operation of section 236 raffles at church bazaars, certain rewards to promote thrift, securities recallable by drawing lots, the Art Union of London and the Art Union of Ireland. The present bill seeks to add to that list of exemptions lotteries conducted for educational or public charitable purposes under the law of any province.

I might remind the house that at the last session of the Quebec legislature Bill 41, to authorize the organization of a lottery for educational and public charitable purposes, was adopted unanimously by the lower house and accepted by the legislative council of that province. That bill is to become law when it is sanctioned by the lieutenant-governor in council. Section 6 of that act provides:

> The power given to the lieutenant governor in council by section 1 shall be exercised only if a lottery of the nature of that contemplated by this act is not prohibited by a statute of the parliament of Canada.
>
> Moreover, such power shall not be exercised if the parliament of Canada authorize the Canadian government to organize a general lottery in the whole of Canada, for purposes similar to those contemplated by the preceding provisions.

I think the real purpose of this bill was to come to the assistance of the educational and charitable institutions in the province of Quebec. Some days ago there was a debate in this house on another bill, which had not the same purpose, which bill was defeated. During the course of the debate reference was made to the bill now under consideration. The Secretary of State (Mr. Cahan) is reported as having said:

> Therefore, on that issue if the bill introduced by the hon. member for Charlevoix-Saguenay comes before this house for decision I think my position is clear. Unless I hear some very strong objection which, up to the present, I have not heard, I think I should have to except the provincial law from the operation of the criminal code, and to that end would vote for the measure. So far as any personal request of mine may have force and effect in this chamber may I state I think it most desirable that an opportunity be given by the house to the consideration of Bill No. 83.

In another place the hon. gentleman said:

> Therefore, if we are to approach the real issue it appears to me that it can be approached only by some such amendment to the criminal code as that proposed by the hon. member for Charlevoix-Saguenay (Mr. Casgrain).

Therefore I have introduced this bill and I would ask that hon. members give it their best possible consideration, because in the province of Quebec it has been considered necessary, in order to further the objects and aims of that province, to adopt such a lottery system which would be conducted according to the rules and regulations set out in the bill which received the unanimous support of both houses of the legislature of that province. I think this is the proper way to deal with the question; I hope hon. members will see their way clear to support this bill, since it does not force lotteries upon any province of Canada but merely allows the province of Quebec to make use of lotteries in accordance with the bill to which I have referred.

Hon. HUGH GUTHRIE (Minister of Justice): Speaking on behalf of the government in regard to this measure I have only to say that as the house expressed its opinion on the general principle involved in this bill only a week ago, with a very decisive majority, the government cannot accept this bill as an amendment to the criminal code.

Motion negatived on division.

SUPPLY

The house in committee of supply, Mr. Stirling in the chair.

Progress reported.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The house in committee of ways and means, Mr. Stirling in the chair.

Customs tariff—99e. Dates, n.o.p., per pound: British preferential tariff, 1 cent; intermediate tariff, 1¾ cents; general tariff, 2½ cents. When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.

Mr. RALSTON: I just want to see the order in which the minister proposes to take up these resolutions. Is he dealing with the tariff first?

Mr. RHODES: I thought I would take up the tariff items first, which appear at page vii of the votes and proceedings of April 18. Before dealing with the first item which appears in the schedule, which is item 99e, in order to preserve the chronological order of the items as they appear at present in the tariff. I want to deal with items 79, 79b, 79c, 81 and 82, which have to do with nursery stock, arising out of a report of the tariff board recommending certain changes in the various items which I shall table as soon as the house resumes. For that purpose, inasmuch as it might not be desirable to proceed at the moment with the individual items, I propose to place the changes in the hands of the chairman, so that they may be shown in the votes and proceedings and will be available to hon. members the next day we are in committee.

Mr. RALSTON: Would the minister indicate the effect of the report?

Mr. RHODES: Yes. The first commodity dealt with is peonies, shown in present item 78. The rate is left precisely as it is now. The rates as proposed on hydrangeas in the recommendation of the tariff board are free, 15 per cent and 20 per cent, as against the present rates of 15 per cent, 25 per cent and 25 per cent.

Mr. RALSTON: Item 78 does not include hydrangeas.

Mr. RHODES: No, that is correct. Then, item 79 includes dwarf polyantha rose bushes, and the rates recommended by the tariff board will be free, 15 per cent and 20 per cent, as against 12½ per cent, 17½ per cent and 20 per cent. At present the tariff rates on laurel are free, free and 40 per cent.

Mr. RALSTON: What item is that?

Mr. RHODES: Item 79; I refer to the proposed item. You cannot follow them exactly, because the present item is 79b.

Mr. RALSTON: They do not correspond?

Mr. RHODES: No, it is reworded. The new rates are free, 15 per cent and 20 per cent. Then, the present rates on holly, natural, are free, free, and 40 per cent, and the new rates will be free, 15 per cent and 20 per cent. The present rates on holly, preserved, are 15 per cent, 25 per cent and 25 per cent, and the new rates will be free, 15 per cent and 20 per cent. Then, the present rates on buds and scions for grafting are free, 15 per cent and 20 per cent. Under the new rates they will be free, free and free. Peach pits at the present time are 5 per cent, 10 per cent and 15 per cent, under item 73. The new item will be 79c, and the new rates will be free, free and free. Under the present rates apple trees are listed at 2 cents, 2½ cents and 3 cents under item 81. The new item will be 81a, and the rates will be free, 6 cents and 7½ cents. Then, pear, plum, cherry, apricot and quince trees at the present time are shown at 2 cents, 2½ cents and 3 cents, whereas under the new rates they will be free, 8 cents and 9 cents

Mr. RALSTON: Under what old item?

Mr. RHODES: The old item will be the same.

Mr. RALSTON: What number?

Mr. RHODES: The new item is 81b. Then, peach trees, including June buds, are at the present time 2 cents, 2½ cents and 3 cents. The new rates are free, 5 cents and 6 cents. Under the present item 82, grape vines, gooseberry, raspberry, currant and rosebushes, are shown at 12½, 17½ and 20 per cent. The new rates on grape vines, gooseberry and currant bushes, item 82a, are free, 2 cents and 2½ cents. It will be observed that under the intermediate and general rates there has been a change from an ad valorem to a specific duty. Then 82b includes raspberry, loganberry and blackberry bushes, upon which the present rates are 12½ per cent, 17½ per cent and 20 per cent. The new rates will be free, one cent and one cent. In respect to the new item 82b, the present rates under item 711 are 15 per cent, 25 per cent and 25 per cent, and the new rates are free, one cent and one cent.

Mr. RALSTON: Does the new item apply to specific articles, or is it the same general item?

Mr. RHODES: It deals with rhubarb roots. Then 82c includes asparagus roots and strawberry plants. The present rates are 15 per cent, 25 per cent and 25 per cent and the new rates are free, one-quarter cent and one-quarter cent.

Mr. RALSTON: What is the number of the old item?

Mr. RHODES: The same as the last one, 711. Then, rosebushes, 82d, now found under item 82, are shown at 12½ per cent, 17½ per cent and 20 per cent, and the new rates are 1½ cents, 3 cents and 7 cents. On trees, shrubs and vines, commonly known as nursery stock, the present rates are 12½ per cent, 17½ per cent and 20 per cent, and the new rates are 12½ per cent, 17½ per cent and 30 per cent. That covers the complete list.

Mr. RALSTON: These changes are all proposed to be made as a result of reports by the tariff board?

Mr. RHODES: Yes; I have the report of the tariff board which I shall table as soon as we are in the house. Perhaps I had better table the resolution at the same time.

Mr. RALSTON: When was the report brought down, or made?

[Mr. Rhodes.]

Mr. RHODES: I have had it a few days, but my hon. friend will realize it would be impossible to bring it down prior to the moving of the resolution itself.

Mr. RALSTON: The report was not down at the time of the budget?

Mr. RHODES: No; it has been in my hands only a day or two.

Mr. RALSTON: I understand the minister will not deal with these items in detail to-night.

Mr. RHODES: No, I am quite content that they should stand until the next sitting.

The CHAIRMAN (Mr. Stirling): Shall the item carry?

Mr. RHODES: The effect of item 99e is really to lower rather than to increase, because at the present time under the wording of the item the duty is charged upon the heavy wooden box containers in which the dates are packed. Under the amended proposal the only package which will be included with the weight of the dates for duty purposes will be the cardboard cartons contained inside. The general effect is to lower.

Item agreed to.

Customs tariff—117. Halibut livers, fresh: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RALSTON: Can the minister tell us the amount of halibut liver oil manufactured in Canada, and what amount is consumed in Canada? In other words, do we manufacture enough for our own consumption?

Mr. RHODES: I am sorry I am not in a position to give that information because up to the present time this item has not been segregated and there has been no opportunity to give the figures for which the hon. member has asked. I am informed, however, that the use of halibut liver for purposes comparable to the uses heretofore made of cod liver is increasing at a very rapid rate, and this free entry will enable the production of halibut liver oil in Canada. It will enlarge the opportunity. I think perhaps the hon. gentleman who sits to my hon. friend's immediate left (Mr. Hanson, Skeena) will be able to give far better information in that respect than I can.

Mr. RALSTON: Will the minister allow this item to stand?

Mr. RHODES: Certainly.

Mr. RALSTON: I have written for some information in regard to it. The thing I am concerned about is whether we produce in Canada sufficient halibut liver, that is the raw material, to supply the demand in Canada. If so it seems to me that by this item we are perhaps taking a backward step so far as the fishing industry is concerned, if we permit halibut liver to come in free from the United States.

Item stands.

Customs tariff—180. Photographs, chromos, chromotypes, artotypes, oleographs, paintings, drawings, pictures, decalcomania transfers of all kinds, n.o.p., engravings or prints or proofs therefrom, and similar works of art, n.o.p.; blue-prints, building plans, maps, and charts, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 22½ per cent; general tariff, 22½ per cent.

Mr. RHODES: The only change is the insertion of the letters "n.o.p." in the third line, which is made necessary by the next succeeding item. There is no change in the rates.

Item agreed to.

Customs tariff—180c. Decalcomania transfers, when imported for use exclusively in the manufacture of tableware of china, porcelain or semi-porcelain: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 12½ per cent.

Mr. RALSTON: Would the minister explain this item?

Mr. RHODES: This is a new item to afford reduced rates under all tariffs on decalcomania transfers for use in decorating tableware and china, et cetera. Although transfers of many kinds are made in Canada none are made suitable for the production of ceramic products such as tableware. It has been represented to the minister by the Canadian industries engaged in the manufacture of chinaware that since such tableware may enter free of duty from Great Britain, provision should be made for lower rates on the decalcomania transfers used.

Mr. STEWART (Edmonton): Will the bulk come in from Great Britain?

Mr. RHODES: Transfers of this nature are available chiefly in Great Britain, Germany and the United States.

Item agreed to.

Customs tariff—187. Albumenized and other papers and films chemically prepared for photographers' use, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 30 per cent.

Mr. RHODES: The only change here is to provide for the insertion of the letters "n.o.p." This change is made necessary because of the next succeeding item.

Item agreed to.

Customs tariff—187a. Hypersensitive or supersensitive panchromatic films, unexposed, for aerial photography: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 15 per cent.

Mr. RHODES: This is a new item to provide lower rates of duty on the thin hypersensitive or supersensitive panchromatic film which is used in aerial photography. This film is not made in Canada but can be imported from either the United States or Great Britain. The largest user in Canada is perhaps the Department of National Defence.

Mr. STEWART (Edmonton): Where have we been getting our supplies?

Mr. RHODES: From both the United States and Great Britain.

Mr. BOUCHARD: If the film is used for other purposes than for aerial photography will it be protected by the former duties?

Mr. RHODES: I am informed, Mr. Chairman, that this is a film of a special character, exceedingly thin and suitable only, and used only, for purposes of aerial photography.

Mr. RALSTON: The former item was 187?

Mr. RHODES: Yes.

Item agreed to.

Customs tariff—203b. Aniline and coal tar dyes, adapted for dyeing, in bulk, or in packages of not less than one pound weight: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent. Provided, that when such dyes are permitted entry into the United Kingdom, by licence, under section (2) of the Dye-Stuffs Act (1920) the rates of duty shall be: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: The only change in this item is the substitution of the phrase "adapted for dyeing" for the phrase "soluble in water". This is a conference item and there has arisen some difficulty in its administration. Many dyes which are imported are not soluble in water. We have accepted this wording at the suggestion of United Kingdom authorities and with the approval of the Department of National Revenue.

Item agreed to.

Customs tariff—207. Dried blood, n.o.p.: British preferential tariff, 5 per cent; intermediate tariff, 7½ per cent; general tariff, 10 per cent.

Mr. RHODES: The only change in this item is to include the letters "n.o.p.", made necessary by the next succeeding item.

Item agreed to.

Customs tariff—207b. Dried blood, soluble: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RALSTON: What is this used for?

Mr. RHODES: This is a new item providing free entry under all tariffs for soluble dried blood, which is used as a base for glue compounds in the furniture industry.

Mr. NEILL: Is not all dried blood soluble in the final analysis?

Mr. RHODES: I am told not.

Item agreed to.

Customs tariff—208e. Cresylic acid and compounds of cresylic acid, used in the process of concentrating ores, metals or minerals, n.o.p.: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Mr. RHODES: The only change is the addition of the letters "n.o.p." in consequence of the succeeding item.

Mr. HANSON (Skeena): Some time ago representations were made to the minister by some of the mining companies in British Columbia complaining that they could not get this material except from two sources, Great Britain and the United States, and that under the existing tariff it was impossible to get it from Great Britain. I should like to ask the minister if anything was done to meet those representations. Are these the only two sources of supply?

Mr. RHODES: My hon. friend is referring to an item that we have not yet reached. We shall reach it in a moment and then I shall be glad to give him a reply.

Item agreed to.

Customs tariff—208g. Calcium molybdate, when imported for use exclusively in the manufacture of steel, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, 5 per cent.

Mr. HANSON (Skeena): Will the minister explain this item?

Mr. RHODES: The only change in this item is to permit the importation of this commodity by importers who may in turn sell. Hitherto the importation has been limited to the actual manufacturer, and it has been a handicap in the case of the smaller manufacturer, prohibiting him from going to a warehouse, for example, and purchasing a small quantity. Otherwise he would be penalized by having to pay a higher duty.

Mr. RALSTON: I do not quite understand that explanation. This is an item which applies to a commodity imported for use exclusively in the manufacture of steel, and I understood the minister to say that this permitted the purchase of calcium molybdate from jobbers. It does not seem as if that would be the purpose of the item.

Mr. RHODES: If my hon. friend would read the existing item he would observe the difference. The existing item says "by a manufacturer," while those words are left out of this item.

Item agreed to.

Customs tariff—208u. Xanthates and sulphothio-phosphoric (dithio-phosphoric) compounds, for use in the process of concentrating ores, metals or minerals: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: This is the item to which my hon. friend from Skeena referred.

Mr. HANSON (Skeena): Representations were made to the minister by the Premier Mine Company, one of the biggest in British Columbia, which is trying to operate on very low grade ore. They started up a new mine of very low grade ore and they had to have this material for their concentrates, but their representations are that under the present prohibitive duty on this material it is impossible to keep the mine open.

Mr. RHODES: This is a new item intended to restore to the free list certain cresylic acid compounds and derivatives thereof which became dutiable at rates of free, 15 per cent and 15 per cent as a result of the imperial economic conference. Under the budget of 1933 one group of these compounds, known commercially as xanthates, was restored to the free list under the tariff classification of item 208u; on the representation of mining interests whose processes have been built up upon other cresylic acid derivatives commercially known as "aero-float", "reagent 301" et cetera, these latter were added to the free list. The reagents referred to are royalty preparations made only in the United States. They have been imported from the same sources for many years and as there are no

British interests benefiting from the preference, His Majesty's government is unreservedly concurring in their return to the free list.

Item agreed to.

Customs tariff—208v. Butyl alcohol, until October 15, 1934: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: This is a new item and it is being placed on the free list. It was previously dutiable at free, 25 and 25. This is a conference item but Great Britain has concurred in the temporary free listing because of the fact that for five or six months in the immediate future she may have difficulty in supplying the demands of Canadian and domestic consumers.

Mr. EULER: Is it made in Canada?

Mr. RHODES: No.

Item agreed to.

Customs tariff—208w. Theobromine, crude, and dimethyl, sulphate: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—210d. Sodium, sulphate of, crude, or salt cake, per pound: British preferential tariff, $\frac{1}{2}$ cent; intermediate tariff, $\frac{3}{8}$ cent; general tariff $\frac{3}{8}$ cent.

Mr. RALSTON: Has some body of manufacturers or producers made representations with regard to the large number of chemical items; who initiated these changes, generally speaking?

Mr. RHODES: My hon. friend is not referring to this item alone?

Mr. RALSTON: No.

Mr. RHODES: Representations have been received from fifteen or twenty large consumers of these commodities throughout Canada. I have not the individual names before me.

Mr. RALSTON: It was not an association of some sort?

Mr. RHODES: No, they were individuals.

Mr. BOTHWELL: What is the reason for the reduction in this particular item? Has this matter been before the tariff board?

Mr. RHODES: This change arises in consequence of a report of the tariff board which was tabled in the house some considerable time ago.

Mr. BOTHWELL: I have been asked to make a protest on this item and I shall give it to the minister in the words in which it was passed on to me. This letter was written from Moose Jaw and it has reference to the Natural Sodium Products Company at Dunkirk. The author of the letter is interested in this company and he says:

The company with which I am connected, the Natural Sodium Products, and which operates a plant near Dunkirk, south of Moose Jaw, carried on for many years and spent some hundreds of thousands of dollars before it got on a basis of profitable operation. At present the business is doing very well, and is giving employment to a lot of people in an area where employment is very much needed.

And again:

It seems to me that if there is an industry in Canada that deserves the benefit of a tariff, it is this industry. It is only just nicely getting on its feet, and the freight rate is a great handicap to it. The purchase of the commodity by the Canadian manufacturers of paper in Canada means not only business for these small industries in the west, the development of the resource, but it means business for the Canadian railways, and one would gather that the railways are in need of all the business they can get, and surely if we are to have a tariff, this industry is deserving of the benefit of that tariff. As I have said, it is possibly the only industry of any account in Saskatchewan that derives any benefit from it, and one would think under the conditions that prevail, that industry in this province would get fair treatment and not be singled out to be discriminated against in Canada's tariff policy.

And again:

I can assure you it is being carried on on a very small margin at the present time; in view of the freight rate, a very small reduction in the protection afforded to it is simply going to necessitate the closing down of these plants in Saskatchewan, or the weaker of them in any event.

I do not know whether these protests have been made to the minister, but if they have not been made to him I assume they have been made to the tariff board. I think it would be enlightening if the minister could give us the information which was given to the tariff board in connection with this item.

Mr. RHODES: The company referred to by my hon. friend was represented at the hearing before the tariff board and made very complete representations. As to his inquiry as to whether protests have been made to me, I may say that none have been received. He will bear in mind that if protests should be made, they would be made as a result of the findings of the tariff board because the proposals we now make are in exact conformity with those findings. These findings are as follows:

The Bathurst Pulp and Paper Company, the applicant, as a consequence of being located at Tidewater, can secure its salt cake requirements

more economically from the United Kingdom than from Saskatchewan.

British salt cake is higher in price at the source than Canadian salt cake, and the British producers can compete in Canada against the Saskatchewan produce only at points situated at tidewater, and then only where the consumers are prepared to buy in bulk, in cargo lots.

Disregarding all customs duties, the Canadian producers are very advantageously placed to secure all the business of the Canadian users receiving their supplies in small shipments, and it is apparent that the present duty is unnecessarily high adequately to ensure to the Saskatchewan industry competitive access to its economic market in Canada.

I may say that as a matter of fact the company referred to by my hon. friend has been and is exporting large quantities of salt cake to the United States. The findings continue:

Evidence at the inquiry established that, at current prices, the protection afforded Canadian salt cake at point of production is approximately 135 per centum.

A duty under the British preferential tariff of $\frac{1}{5}$ cent per pound would be sufficient to allow the British Columbia producers, when they begin operations and if they should desire the market, full opportunity of reasonable competition, via the Panama canal, with United Kingdom producers for the business of the mills situated on the Atlantic seaboard.

It will be noticed that we do not intend to interfere with the intermediate and general tariffs; we are simply reducing the British preferential from one-half cent to one-fifth cent per pound.

Mr. EULER: The minister stated that an application was received from only one paper company, the Bathurst Pulp and Paper Company. I should like to know if they were joined by other paper manufacturers when they requested reduced duties?

Mr. RHODES: No, the only application we received was from the Bathurst company.

Item agreed to.

Customs tariff—210e.—Nitrate of soda or cubic nitre when imported for use as a fertilizer, for use in the curing or pickling of meats or for use in the manufacture of vitreous glazes and enamel frits, or when imported by manufacturers of explosives for use exclusively in the manufacture of explosives, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: I have an amendment to move to item 210e. It reads:

Nitrate of soda or cubic nitre when imported for use as a fertilizer, or as a flux in the reduction of electrolytic copper slimes, or for use in the curing and pickling of meats or in the manufacture of vitreous glazes and enamel frits, or when imported by manufacturers of explosives for use exclusively in the manufacture of explosives in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

This is a conference item and it is being widened further as a result of the concurrence of the British government.

Mr. BOUCHARD: I think the minister is to be congratulated for this change which benefits the farmer and for having carried into effect the constructive suggestions from this side of the house.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—216d. Phthalic anhydride, adipic, abietic, maleic and succinic acids and ethylene glycol, when imported by manufacturers of synthetic resins, for use exclusively in the manufacture of synthetic resins, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—219. (ii) Solutions of hydrogen peroxide containing twenty-five per centum or more by weight of hydrogen peroxide: British preferential tariff, free; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Item agreed to.

Customs tariff—219e. Mixtures containing cyanides, for use in combating destructive insects and pests: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—242. Dry red lead, orange mineral and titanium oxide; zinc oxides such as zinc white and lithopone: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Mr. RHODES: This is a conference item and is being widened. I move to amend it so that the item shall read:

242. Dry red lead, orange mineral, titanium oxide and antimony oxide; zinc oxides such as zinc white and lithopone: British preferental tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

This represents a very substantial reduction. Under the British preference it was 15 per cent and is now free; under the intermediate it was 20 per cent and is now 15 per cent; and under the general it was 22½ per cent and is now 15 per cent.

Mr. STEWART (Edmonton): Does the bulk of the imports come from Britain?

Mr. RHODES: Under the item as it stood last year, and up to the present time, the total importations have been 23,733,291 pounds

of a total value of $950,000 odd, of which 16,841,196 pounds came from the United Kingdom; 2,979,655 pounds came from the Netherlands, and 2,881,952 pounds came from the United States.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—246b. Stains and oxides, valued at not less than 20 cents per pound, and liquid gold, for use exclusively as colouring constituents in the manufacture of vitreous enamels and pottery glazes: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 22½ per cent.

Mr. RHODES: I have an amendment which is purely administrative in effect, to improve the wording. The item will read:

Stains and oxides, valued at not less than 20 cents per pound, for use exclusively as colouring constituents in the manufacture of vitreous enamels and pottery glazes; and liquid gold paint, for use exclusively in the manufacture of tableware, of china, porcelain or semi-porcelain: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 22½ per cent.

Mr. RALSTON: Under what item did this come?

Mr. RHODES: Item 246, and we have made an addition.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—254. Gums, viz.:—Arabic, Australian, copal, damar, elemi, kaurie, mastic, sandarac, Senegal, Tragacanth, gedda, and barberry; gum chicle or sappato gum, crude; lac, crude, seed, button, stick and shell; ambergris; Pontianac: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Mr. RHODES: I move that this item be amended by striking out the word Arabic. We have now the concurrence of the British government in widening the item, which is a conference item.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—254a. Gum, amber: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RALSTON: Under what does gum Arabic come?

Mr. RHODES: Under 254.

Mr. RALSTON: But I understood the minister to say that arabic was struck out.

Mr. RHODES: I have a new item to move. I move that item 254a be amended to read:

Gums, viz., amber and Arabic: British preferntial tariff, free; intermediate tariff, free; general tariff, free.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—267b. Crude petroleum not in its natural state, ·7250 specific gravity or heavier at 60 degrees temperature, when imported by oil refiners to be refined in their own factories, per gallon: British preferential tariff, free; intermediate tariff 1½ cents; general tariff, 1½ cents.

Mr. STEWART (Edmonton): Do we get any considerable proportion from Britain?

Mr. RHODES: Last year our total importations under this item were 21,715,000 gallons of which we imported from Trinidad 19,262,000; from Russia, 1,958,000 and from the United States, 494,000. This makes it free under the British preferential instead of ½ cent.

Mr. YOUNG: What is the significance of the words "when imported by oil refiners to be refined in their own factories"?

Mr. RHODES: This is the item as it stands now and has stood for many years. All we are doing is to change the rate under the British preference, making it free instead of one-half cent.

Mr. CASGRAIN: What do the refineries use it for?

Mr. RHODES: It must go to the refinery; it is only a semi-crude oil, not in its natural state. It has to be still further processed.

Mr. CASGRAIN: To what use is it put?

Mr. RHODES: There has to be a certain amount of distillation.

Mr. CASGRAIN: I understand that, but into the manufacture of what products does it enter?

Mr. RHODES: It is manufactured into gasoline, kerosene and probably naphtha.

Mr. YOUNG: Who uses it, apart from the oil refiners?

Mr. RHODES: I am advised that no one but the oil refiners could use it.

Mr. YOUNG: Then why not strike out those words?

Mr. RHODES: This is a time honoured item.

Mr. YOUNG: That would not make any difference. Let us strike out the words if they are not necessary.

Mr. RHODES: I did not say that they were not necessary.

Mr. YOUNG: If nobody but a refiner wants this, then nobody but a refiner wants it. Strike out the words.

Mr. RHODES: This item was not asked for by the refiners; they knew nothing about it. It was asked for by the Island of Trinidad. I am sure we would grant this further concession to a British country.

Mr. YOUNG: I do not think Trinidad would make any objection if we struck out these words.

Mr. RALSTON: Does crude petroleum for the manufacture of gasoline come under item 267a?

Mr. RHODES: Yes. The crude item is right beside it. Of course, as my hon. friend knows, item 267 covers a really crude oil.

Mr. RALSTON: I would like to know the real item which includes the natural product from which most of our gasoline is manufactured. Is it item 267a?

Mr. RHODES: Yes.

Mr. YOUNG: In view of the fact that nobody but a refiner would want this and Trinidad would not object to having the scope widened, I move that all the words after the word "temperature" be struck out.

Mr. RHODES: Item 267a deals with a crude article, and it is free across the board, yet it contains these very same words:

When imported by oil refiners to be refined in their own factories.

Mr. YOUNG: We can deal with that when we come to it. In the meantime let us strike these words out of the item.

Mr. RHODES: Perhaps the hon. member does not appreciate the fact that this is purely an administrative requirement. If these words were struck out neither the country nor the situation would be helped. The fact that this requirement has been there for so many years is evidence of its necessity.

Mr. YOUNG: It seems to me that if those words are in there they are there for a purpose.

Mr. RHODES: That is the purpose.

[Mr. Rhodes.]

Mr. YOUNG: The only effect they can have is to give somebody a rate somebody else does not get. That is the reason I move that they be struck out.

Item agreed to.

Customs tariff—278b. Crude peanut oil, for refining for edible purposes, used as materials in Canadian manufactures: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Mr. STEWART (Edmonton): There is an increase in the intermediate and general tariffs. What is the explanation?

Mr. RHODES: The idea is to direct this commodity through British channels.

Mr. EULER: Which British possessions or territories would be benefited by the protection placed against other countries?

Mr. RHODES: Peanuts are produced on the west coast of Africa. There are crushers located on the east coast of Great Britain and on the coast of British West Africa. Peanuts can be supplied from British East Africa, British West Africa and British India.

Mr. EULER: What are the total importations from the various countries?

Mr. RHODES: Last year the total importations were 410,780 hundredweight of a total value of $1,661,000. I am leaving off the odd hundreds. They come from various sources as follows:

	Hundredweight
Germany	139,268
China	125,815
United Kingdom	55,302
Denmark	45,320
United States	25,815

Item agreed to.

Customs tariff—278d. Olive oil for manufacturing soap or tobacco or for canning fish; olive oil for use in the processing of textile fibres, including the finishing of fabrics: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. NEILL: Would the minister explain the change? Previously a part of it carried a duty of 20 per cent. What part was that?

Mr. RHODES: The portion which was used in textile operations. That is now made free.

Item agreed to.

Customs tariff—294. Gypsum, ground, not calcined: British preferential tariff, 10 per cent; intermediate tariff, 12½ per cent; general tariff, 15 per cent.

Mr. RHODES: This is purely a question of wording.

Item agreed to.

Customs tariff—326c. Concave blanks of uncoloured clear glass, when imported by manufacturers to be used exclusively in the manufacture of silvered mirror reflectors for lighting systems: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Mr. RHODES: I have an amendment to move to this item, that it be amended to read as follows:

Blanks of uncoloured clear glass, when imported by manufacturers to be used exclusively in the manufacture of silvered mirror reflectors or acid etched reflectors or refractors, for lighting systems: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Mr. STEWART (Edmonton): That is a new item.

Mr. RHODES: It was a budget item but it is now widened.

Mr. MATTHEWS: I move accordingly.

Mr. EULER: Will the minister say whether these are manufactured in this country?

Mr. RHODES: They are not.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—326d. Beads, drops or other shapes of glass, when imported by manufacturers of imitation pearls, for use exclusively in the manufacture of such articles in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—334. Kryolite or cryolite: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—339a. Lead capsules for bottles: British preferential tariff, free; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Item agreed to.

Customs tariff—353. Aluminium and alloys thereof, crude or semi-fabricated, viz.: Pigs, ingots, blocks, notch bars, slabs, billets and blooms; bars, rods and wire; angles, channels, beams, tees and other rolled or drawn sections and shapes; pipes and tubes; plates, sheets and strips, including circles; leaf, n.o.p., or foil, less than ·005 inch in thickness, plain or embossed, with or without backing; wire and cable, twisted or stranded, reinforced with steel or not; aluminum powder: British preferential tariff, free; intermediate tariff, 30 per cent; general tariff, 30 per cent.

Mr. RALSTON: What is the change in this item?

Mr. RHODES: This change is merely to insert the letters "n.o.p." as a result of the item which follows.

Item agreed to.

Customs tariff—353a. Aluminum leaf, less than ·005 millimetres in thickness; aluminum scrap. Provided, that nothing shall be deemed to be aluminum scrap except waste or refuse aluminum, fit only to be remelted: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: This item as at present in the tariff covers aluminum scrap free of duty and it is proposed herewith to widen it to cover aluminum leaf which is described in the item in technical language.

Item agreed to.

Customs tariff—362a. Metal parts, electroplated, for loose-leaf binders: British preferential tariff, 20 per cent; intermediate tariff, 37½ per cent; general tariff, 45 per cent.

Item agreed to.

Customs tariff—365a. Findings of metal, not plated or coated, including stampings, trimmings, spring-rings, bolt-rings, clasps, snaps, swivels, vest chain bars, joints, catches, pin tongues, buckle tongues, coil pins, clip actions, settings and eyepins, when imported by manufacturers of jewellery or ornaments for the adornment of the person, for use exclusively in the manufacture of such articles, in their own factories: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 30 per cent.

Mr. RHODES: This is a tariff board item.

Item agreed to.

Customs tariff—365b. Wire or strip, viz.: Gold, gold-filled, silver, silver-filled, brass or nickel silver, knurled, twisted, figured or with ornamental design rolled or drawn thereon, and wire of nickel silver, plain, in coil or otherwise, when imported by manufacturers of jewellery or ornaments for the adornment of the person, for use exclusively in the manufacture of such articles, in their own factories: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 25 per cent.

Mr. RHODES: This is also a tariff board item.

Item agreed to.

Customs tariff—370. Copper rollers, and stones, used in the printing of textile fabrics or wallpaper: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Item agreed to.

Customs tariff—375. Ferro-alloys:
(a) Ferro-manganese, spiegeleisen and other alloys of manganese and iron containing not more than 1 per centum, by weight, of silicon —per pound, or fraction thereof on the man-

ganese contained therein: British preferential tariff, free; intermediate tariff, 1 cent; general tariff, 1¼ cents.

(b) Silico-manganese, silico spiegel and other alloys of manganese and iron containing more than 1 per centum, by weight, of silicon—per pound, or fraction thereof, on the manganese contained therein: British preferential tariff, free; intermediate tariff, 1½ cents; general tariff, 1¾ cents.

(c) Ferro-silicon, being an alloy of iron and silicon containing 8 per centum or more, by weight, of silicon and less than 60 per centum —per pound, or fraction thereof, on the silicon contained therein: British preferential tariff, free; intermediate tariff, 1½ cents; general tariff, 1¾ cents.

(d) Ferro-silicon, being an alloy of iron and silicon containing 60 per centum or more, by weight, of silicon and less than 90 per centum —per pound, or fraction thereof, on the silicon contained therein: British preferential tariff, free; intermediate tariff, 2½ cents; general tariff, 2¾ cents.

(e) Ferro-silicon, being an alloy of iron and silicon containing 90 per centum or more, by weight, of silicon—per pound, or fraction thereof, on the silicon contained therein: British preferential tariff, free; intermediate tariff, 5 cents; general tariff, 5½ cents.

(f) All alloys used in the manufacture of steel or iron, n.o.p.: British preferential tariff, free; intermediate tariff, 5 per cent; general tariff, 5 per cent.

Mr. RALSTON: There is an increase here. Will the minister explain it?

Mr. RHODES: As the committee will observe, this item has been entirely rewritten. We have not disturbed the free entry under the British preferential tariff, but in some of the items there has been an increase in the intermediate and also in the general. We have an extremely valuable and important industry at Welland called the Electro Metallurgical Company of Canada, Limited, which will derive substantial benefits by this changed wording.

Mr. RALSTON: There is no part of the tem free now across the board?

Mr. RHODES: No.

Mr. REID: I wonder if the minister can explain why in the first part of the item ferro-manganese is not designated by the percentage of manganese content. In paragraph (b) you have silico-manganese and other alloys, containing more than one per cent of silicon by weight. I am just wondering why in (a) you have not designated the amount of manganese as well as the amount of silicon.

Mr. RHODES: My hon. friend has me in rather a technical realm here, and I am not sure that I can enlighten him as completely as I would wish. This is an alloy with a manganese content below thirty per cent. The importation is comparatively small, just two or three thousand tons a year.

Mr. RALSTON: What does the one cent per pound specific duty amount to ad valorem?

Mr. RHODES: I am advised that on a specific basis it would work out in the neighbourhood of thirty-two to thirty-four per cent.

Mr. CASGRAIN: What is this ferro-manganese used for?

Mr. RHODES: As an alloy in steel operations. I may point out to the committee also that the ore used is entirely British, and the electro-metallurgical company exports fully two-thirds of its total production to the United States.

Mr. STEWART (Edmonton): All the imports are from Great Britain?

Mr. RHODES: Yes.

Mr. SANDERSON: What were the importations last year?

Mr. RHODES: I will have to give the individual imports under the various old items. Under 375a we imported nothing. Under 375b we imported 927 hundredweight.

Mr. SANDERSON: Where from?

Mr. RHODES: We imported 465 hundredweight from the United Kingdom and 341 hundredweight from the United States. Under 375c we imported nothing. Under 375d we imported 193 hundredweight from the United States and under 375f we imported 6,471 hundredweight of which 3,643 came from the United States and 208 from the United Kingdom.

Mr. RALSTON: Then looking at the new item 375d, having to do with ferro-silicon, the British preference is free, the intermediate rate is 2½ cents and general rate 2¾ cents whereas previously it was free, 10 per cent and 10 per cent. If ferro-silicon is put on the same basis of value as ferro-manganese—I do not know if it is—according to the minister's figures the one cent rate is equal to 32 to 34 per cent, which means that with the 2½ cent rate under the general tariff we are increasing the duty against the rest of the world by over 80 per cent in order to provide this British preference.

Mr. RHODES: The values vary very greatly. For example, on ferro-silicon it would amount to from 18 to 29 per cent in one

grade, while in another grade it would go up to 38 per cent, according to the purity and the character of the alloys. For instance, in connection with spiegeleisen it figures out at 14½ per cent.

Mr. RALSTON: I was speaking of item 375d.

Mr. RHODES: Of course the whole item is new.

Mr. RALSTON: I am speaking of item 375d as it appears in the ways and means resolutions.

Mr. RHODES: That is entirely new.

Mr. RALSTON: Can the minister tell us whether the commodity covered by the new item 375d was imported in any quantity from the United States?

Mr. RHODES: I am advised that the nearest we can come to a computation of the importations under the old items would be those which came in under 375c and 375d. Under 375c we imported nothing last year, and under 375d we imported a total of 193 hundredweight.

Mr. RALSTON: On that item, of which all our importations apparently were from the United States, we have now put up a tariff barrier of between 30 and 40 per cent, where it was 10 per cent before.

Mr. RHODES: But my hon. friend will realize that we anticipate securing this importation from the British Isles.

Mr. YOUNG: At what price?

Item agreed to.

Customs tariff—380. Plates of iron or steel, hot or cold rolled:—(a) Not more than 66 inches in width, n.o.p., per ton: British preferential tariff, $4.25; intermediate tariff, $8; general tariff, $8. (b) More than 66 inches in width, n.o.p., per ton: British preferential tariff, free; intermediate tariff, $6; general tariff, $6. (c) Flanged, dished or curved, n.o.p.: British preferential tariff, 10 per cent; intermediate tariff, 25 per cent; general tariff, 30 per cent. Provided that, as regards subsection (b) of this tariff item, the provisions of section 6 of the Customs Tariff Act shall not apply to importations under the British preferential tariff.

Mr. RHODES: This is removing the dump from British steel plates.

Item agreed to.

Customs tariff—392a. Forgings of iron or steel, in any degree of manufacture, hollow, machined or not, not less than 12 inches in internal diameter: British preferential tariff, free; intermediate tariff, 30 per cent; general tariff, 30 per cent.

Mr. RHODES: This is a widening of the item.

Item agreed to.

Customs tariff—409e. (ii) Fruit and vegetable grading, washing and wiping machines and combination bagging and weighing machines, and complete parts therefor: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Item agreed to.

Customs tariff—410d. Well-drilling machinery and apparatus, and complete parts thereof, of a class or kind not made in Canada, and seamless iron or steel tubing over eight inches in diameter, for use exclusively in drilling for water, natural gas and oil, and in prospecting for minerals, but not to include motive power; packer rubbers for oil and gas wells: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: This is a widening of the item also.

Item agreed to.

Customs tariff—410n. (ii) Complete parts for repairs for the coal-cutting machines, n.o.p., enumerated in tariff item 410n, when imported prior to January 1, 1935, and when for use exclusively in repairing coal-cutting machines imported into Canada prior to January 1, 1933: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—412. Machinery, being presses for use in the printing of newspapers, of not less value by retail than $1,500 each, of a class or kind not made in Canada, and complete parts thereof, not to include saws, knives and motive power: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: This is a widening of the item to include parts.

Item agreed to.

Customs tariff—441f. Metal parts, n.o.p., when imported by manufacturers of shotguns, to be used exclusively in the manufacture of shotguns, in their own factories: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 25 per cent.

Mr. RHODES: This is a tariff board item.

Customs tariff—445j. Electric dry shaving machines, of a class or kind not made in Canada, for use in removing human hair, and complete parts thereof: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Mr. RHODES: This is a widening of the item to add parts.

Item agreed to.

Customs tariff—471a. Pressed steel belt pulleys for power transmission, and finished or unfinished parts thereof, including interchange-

able bushings: British preferential tariff, free; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

Item agreed to.

Customs tariff—472. Plates, rolls and cylinders engraved on wood, or on steel or other metal, and transfers taken from same, n.o.p.; engravers' plates, rolls and cylinders of steel or other metal, polished or otherwise processed, for engraving thereon or for transferring thereto from engraved plates: British preferential tariff, 10 per cent; intermediate tariff, 15 per cent; general tariff, 20 per cent.

Item agreed to.

Customs tariff—475. Stereotypes, electrotypes and celluloids of books, and bases and matrices and copper shells for the same, whether composed wholly or in part of metal or celluloid; positive and negative films of periodical publications regularly issued at stated intervals as frequently as, at least, four times a year, not including catalogues: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—494b. Corkwood or corkbark in strips, for use in the manufacture of roller covers for textile machinery: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: I have an amendment to move to 494b. It is a rewording for administrative purpose. Under the amendment which I now propose the item would read:

Item 494b. Cork blocks, boards, planks or slabs, produced from cork waste or granulated or ground cork, when imported by manufacturers for use exclusively in the manufacture of roller coverings for textile machinery: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. YOUNG: Who asked for this change?

Mr. RHODES: It was particularly requested by one company in Montreal which manufactures these rollers, but which has to bring cork from Spain and Portugal.

Mr. YOUNG: Can it be possible that textile industries who want high protection on their products are protesting against protection on the rollers?

Mr. RHODES: I can assure my hon. friends that the textile industry made no representation, and they knew nothing about it. I move, in amendment, as I have previously indicated.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—511. Fishing rods, walking sticks and walking canes, of all kinds; golf clubs and finished parts thereof; skis; racquets and racquet frames and baseball bats; balls of all kinds for use in sports, games or athletics, n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—511a. Cricket bats, balls, gloves and leg guards: British preferential tariff, free; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—523h. Sailcloth wholly of Egyptian cotton, imported for use exclusively in the manufacture of sails for boats and ships, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 25 per cent, and per pound: intermediate tariff, 3½ cents; general tariff, 4 cents.

Mr. RHODES: This is a tariff board item.

Item agreed to.

Customs tariff—523i. Filter cloth wholly of cotton, with cut pile, in the web or made up, imported for use exclusively in mining and metallurgical operations: British preferential tariff, 10 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent, and per pound: intermediate tariff, 3½ cents; general tariff, 4 cents.

Item agreed to.

Customs tariff—537. Rovings, yarns and warps wholly or in part of vegetable fibres, not more advanced than singles, n.o.p., not to contain silk, artificial silk nor wool: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 25 per cent.

Mr. RHODES: I have an amendment to this item. It is intended to restore the status quo ante with respect to the previous item except with respect to jute. I beg to move:

That the rates of customs duties set opposite tariff item 537, as contained in resolution No. 3 of April 18, 1934, be amended to read as follows: British preferential tariff, 12½ per cent; intermediate tariff, 17½ per cent; general tariff, 25 per cent.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—537a. Rovings, yarns and warps, wholly or in part of vegetable fibres, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p., not to contain silk, artificial silk nor wool: British preferential tariff, 27½ per cent; intermediate tariff, 30 per cent; general tariff, 32½ per cent.

Mr. RHODES: I have an amendment. I move:

That the rates of duties of customs set opposite item 537a, as contained in resolution No. 3 of April 18, 1934, be altered to read as follows:

British preferential tariff, 20 per cent; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Amendment agreed to.

Item as amended agreed to.

Mr. RHODES: I have two other amendments to move, giving a reduction to Great Britain on jute. I move:

That the following item, enumeration and rates of duties be added to the list of items indicated in resolution No. 3, of April 18, 1934, as for insertion in schedule A to the customs tariff:

Item 537d. Rovings, yarns and warps wholly of jute, not more advanced than singles, n.o.p., not to contain silk, artificial silk nor wool: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 25 per cent.

Mr. RALSTON: Does jute twine come under that?

Mr. RHODES: This is jute yarns.

Item agreed to.

Mr. RHODES: I have a complementary amendment to move on the same subject. I move:

That the following item, enumeration and rates of duties be added to the list of items indicated in resolution No. 3 of April 18, 1934, as for insertion in schedule A to the customs tariff:

Item 537e. Rovings, yarns and warps wholly of jute, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p.: British preferential tariff, 27½ per cent, intermediate tariff, 30 per cent; general tariff, 32½ per cent.

Mr. SANDERSON: Is that an increase.

Mr. YOUNG: Yes.

Mr. SANDERSON: Why the increase?

Mr. RHODES: As a result of a finding by the tariff board we increased the duty upon twine, but we made a very substantial addition to the free list in that we added to that free list jute yarns.

Mr. EULER: Were there any representations made by manufacturers of twine? We may as well be definite about it: Did Doon Twines Limited of Kitchener make representations to the effect that the making of yarn free much more than offsets the protection they have? Have any representations been made in that connection?

Mr. RHODES: One company in the constituency of the hon. member appeared before the tariff board, a company manufacturing twines and yarns. It was heard, but as my hon. friend realizes, these proposals are in strict conformity with the findings of the tariff board.

Mr. STEWART (Edmonton): Is this not a case where the raw material is reduced and the finished product receives more protection?

Mr. EULER: I think the committee should understand this, that while perhaps there is a higher duty on the twine, the yarn itself is placed on the free list, which is a very serious interference with the business of the company manufacturing twine.

Mr. RHODES: I have before me the report of the tariff board. If the committee desires I shall give a summary.

Mr. RALSTON: I should like to know the amount of ad valorem duty which would have resulted from an adherence to the valuation for duty purposes which was put on jute twine by the Minister of National Revenue?

Mr. RHODES: It would require some computation to get that information, although a complete disclosure was made before the tariff board. It involves consideration of varying qualities of the commodity, and different gauges. The computation would be of considerable magnitude.

Mr. RALSTON: Would the minister get that information?

Mr. RHODES: I shall be happy to get it.

Mr. EULER: May I ask the minister whether this report of the tariff board is one which followed investigations which led to a difference of opinion between the tariff board and the Department of National Revenue? Is this a new decision of the tariff board?

Mr. RHODES: This inquiry was instituted under part I of the Tariff Board Act and has no reference to the finding to which my hon. friend refers, which arose under part II of the act.

Mr. EULER: Could the minister give me the approximate date upon which this latest recommendation or report was made? Was it subsequent to the previous investigation which led to a difference between the various authorities?

Mr. RHODES: I think I can get that for my hon. friend. Does he have reference to the time it was brought to the attention of the board or when the finding of the board was brought down?

Mr. EULER: After the investigation which led to difficulties—I think the minister knows what I refer to—was there a subsequent report?

Mr. RHODES: I am advised by the tariff expert that the two were running concurrently for some considerable time. He is unable at the moment to advise me which came before the board in the first instance. We have the dates, but not here. I can get the exact dates for my hon. friend.

Mr. EULER: May I ask the minister if he is seized of the fact—I am informed that it is a fact—that the changes which have been made give with one hand and take away with the other, so that the situation of the manufacturing firm in my constituency is really worse, and very considerably so, than it was before?

Mr. RHODES: I am informed that this manufacturer was not a seller of yarn but was manufacturing yarn for his own purposes. That company will not be prejudiced to any material extent because they have the opportunity to get yarn at the same price as any other manufacturer of twine, and they have increased protection on their twine.

Mr. EULER: I think my hon. friend is mistaken when he says that they were manufacturing yarn only for their own purposes.

Mr. RHODES: The report of the board is that they were not sellers of yarn. The report covers three pages, but I can read paragraph 6 which is particularly in point:

> The board is of the opinion that the process carried on by Doon Twines Limited of spinning yarn on to bobbins as an integral part of the process of manufacturing jute twines should not be considered as commercial production of jute yarn in Canada.

Mr. EULER: It does not state that they do not manufacture for other than their own purposes. I am almost certain that they do.

Mr. RHODES: I can give my hon. friend a little more detail from the preceding paragraph of the board's report:

> If the difference in the costs of production by Doon Twines Limited and by the Dundee jute manufacturers are equalized on jute twines then the entire process of Doon Twines Limited in the manufacture of twine from raw fibres is fully protected by the duty on twine. Doon Twines Limited manufacture no jute yarn as such and indeed appear unable to sell jute yarn to Canadian twine twisters due to the fact that the differential between the cost at which Doon Twines Limited could produce such yarn and sell it has been less than one cent under the current price of twine.

Mr. SANDERSON: Is not this one of the items about which there was a disagreement between the tariff board and the officials of the National Revenue department?

Mr. RHODES: This is not one of the items. This inquiry was instituted in the ordinary course under the Tariff Board Act. The jute case to which my hon. friend refers arose under part II, and is a different thing entirely.

Mr. SANDERSON: There was some disagreement between the board and the National Revenue department—am I right in that?

Mr. RHODES: There was a difference of opinion, no doubt.

Mr. SANDERSON: I am glad the minister says that, because the Minister of National Revenue told me there was no disagreement at all.

Mr. STEWART (Edmonton): The objection I take is not to the reduction, but having given the reduction on the raw material, you turn about and give an increase on the finished product. Is that a decision of the board?

Mr. RHODES: Yes.

Mr. STEWART (Edmonton): That is one that I shall take some pleasure in reading up.

Mr. RHODES: It is on file.

Mr. RALSTON: I think it would be well to recall just what the situation was in regard to jute twine. Importations were received from Great Britain, and the dump duty was applied. I am informed—the minister is going to give me the figures—that the dump duty would amount to something like a duty of fifty per cent ad valorem. That duty was imposed, as I understand it, and was collected, and in October an appeal was taken to the tariff board. That appeal was heard. The tariff board decided it either late in October or early in November and ordered a refund of the duty that had been paid. Instead of a refund being made, an appeal was made to the governor in council. That appeal has been heard, was heard a month or two ago, but no decision has yet been made. May I ask the minister if a refund has yet been made to the importers of the dump duty that was imposed late last fall?

Mr. RHODES: I shall have to make inquiries of the Department of National Revenue because I have no knowledge, neither has the tariff adviser who is with me.

Mr. EULER: Is not the fact that the whole matter was referred to the courts, and I suppose pending a decision of the courts the department has withheld the return of the money?

Mr. RHODES: That is what would result, I suppose, as a matter of fact.

Mr. RALSTON: The reference to the court had to do not with the question whether the tariff board had decided the case properly, but solely with the matter of the board's jurisdiction. The real appeal was the appeal from the tariff board to the governor in council, which has been heard but not decided. That is the appeal that would determine the question whether or not the importer was entitled to a refund. Can the minister give us any idea when we may expect a decision of the governor in council on that appeal?

Mr. RHODES: I should like to confer with my colleague the Minister of Justice before I make a definite reply to my hon. friend, but my impression is that I could give an answer only following the decision of the supreme court on the stated case. I may be wrong on that. I have not been in touch with the situation during the last two or three weeks, but if my hon. friend presses for an answer I shall endeavour to get it as soon as I can after consultation with the Minister of Justice.

Mr. RALSTON: When my hon. friend is in ways and means again?

Mr. RHODES: Quite so.

Mr. RALSTON: I understand that at the same time the minister will give me the information with regard to the percentages.

Amendment agreed to.

Customs tariff—541d. Canvas in the web, wholly of flax or hemp or both, plain woven, not coloured, not further manufactured than impregnated with weather-proofing or preservative materials, suitable for manufacturing into tents, awnings, tarpaulins, hatch covers and similar articles, weighing not less than 18 ounces and not more than 26 ounces per square yard: British preferential tariff, 15 per cent; intermediate tariff, 30 per cent and 3½ cents per pound; general tariff, 35 per cent and 4 cents per pound.

Item agreed to.

Customs tariff—551c. Yarns and warps composed wholly of hair or of hair and any vegetable fibre, imported by manufacturers for use in their own factories: British preferential tariff, free; intermediate tariff, 17½ per cent and 15 cents per pound; general tariff, 20 per cent and 17½ cents per pound.

Item agreed to.

Customs tariff—556. Needled hair felt, imported by manufacturers of felt carpets and carpeting, for use exclusively in the manufacture of such felt carpets and carpeting, in their own factories: British preferential tariff, free; intermediate tariff, 10 per cent and 15 cents per pound; general tariff, 10 per cent and 17½ cents per pound.

Mr. RHODES: I have an amendment to move, Mr. Chairman. It arises purely in an administrative way in order to prevent evasion. The situation has arisen since the budget was brought down. I move to amend item 556 to read as follows:

Customs tariff—556. Needled felt of hair or of hair and wool, not coloured, impregnated with rubber solution on one side, when imported by manufacturers of felt carpets and carpeting for use exclusively in the manufacture of printed felt carpets and carpeting in their own factories: British preferential tariff, free; intermediate tariff, 10 per cent and 15 cents per pound; general tariff, 10 per cent and 17½ cents per pound.

There is no change in the rates. It is merely a change in the wording.

Amendment agreed to.

Item as amended agreed to.

Mr. RHODES: I have a motion which I desire to propose in consequence of a report which has been received from the tariff board since the budget was brought down, with respect to reference No. 38, and which I will lay on the table when we report to the house. The motion I move is that this item be inserted:

558b. Rovings, yarns and warps wholly of artificial silk or similar synthetic fibres produced by chemical processes, not more advanced than singles, not coloured: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Provided that in no case shall the duty be less than, per pound: British preferential tariff, 20 cents; intermediate tariff, 28 cents; general tariff, 28 cents.

It will be observed that the only change is to reduce the specific duty from 28 cents per pound to 20 cents per pound. This change is made in conformity with the findings of the tariff board.

Mr. STEWART (Edmonton): What are the imports?

Mr. RHODES: It is not possible to segregate the imports of artificial silk yarn to show the cellulose separate from the viscose yarns. The imports of yarns under tariff item 558b for the fiscal year ended March 31, 1934, amounted to 1,912,014 pounds valued at $1,158,000. The imports under item 558d for the same period amounted to 170,188 pounds valued at $165,254.

Item agreed to.

Customs tariff—558f. Rovings, yarns and warps wholly of spun artificial silk or similar synthetic fibres produced by chemical processes, not coloured, imported by manufacturers for use exclusively in the manufacture of cut-pile fabrics, in their own factories: British preferential tariff, free; intermediate tariff, 30 per

cent but not less than 28 cents per pound; general tariff, 35 per cent but not less than 28 cents per pound.

Item agreed to.

Mr. RHODES: I desire also to move to insert item 569. This amendment is necessary as a result of a finding of the tariff board on hats and hoods which I will table when we report to the house this evening.

Mr. RALSTON: Will the minister give us the effect of that?

Mr. RHODES: This will provide for a duty on hats, caps, hoods and bonnets, n.o.p.; hat and bonnet crowns and hat, cap and bonnet shapes, n.o.p.: British preferential tariff, 22½ per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent, with a special item covering hats, hoods and shapes to provide for a valuation of $1 per dozen. To-day under section 43 of the Customs Act there is a valuation of $1.50 per dozen.

Mr. RALSTON: There was before the act was amended.

Mr. RHODES: There is, I am informed. We will not quarrel over the present or past tense; the fact remains that this amendment will provide that there shall be a specific duty of $1 per dozen.

Mr. RALSTON: This is the same commodity which was the subject of the so-called felt hat case before the tariff board?

Mr. RHODES: Yes.

Mr. RALSTON: Would not this be in the same category as the horticultural items?

Mr. RHODES: Yes, and I am quite willing to have it stand.

Amendment stands.

Customs tariff—597b. Harps: British preferential tariff, free; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Mr. JACOBS: May I ask if this includes Jew's harps?

Mr. RHODES: That is a question of administration which I would have to refer to my colleague the Minister of National Revenue.

Mr. JACOBS: Why should it be assumed that he knows more than the Minister of Finance?

Mr. RHODES: Because he is the administrative minister. However, I will take a chance and say that I do not think it includes the harp to which my hon. friend refers. If he has any representations to make upon the subject, I can assure him that I will give them most careful consideration.

Mr. JACOBS: It would be too late this year at any rate. As descendants of King David of old, I suppose we of the Jewish race ought to be thankful that King David's harps are free.

Item agreed to.

Customs tariff—616c. Liquid rubber compound, non-alcoholic, when imported by manufacturers of sealing compounds for cans and jars, for use exclusively in the manufacture of such sealing compounds, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. EULER: There are many rubber products manufacturing concerns in this country; would the minister state if liquid rubber is included in this item?

Mr. RHODES: This is not made in Canada. It is a commodity largely used in the preserving industry for the sealing of glass containers.

Mr. EULER: I was wondering whether they made liquid rubber.

Mr. RHODES: I am informed that for sealing purposes crude rubber can be imported free while artificial rubber could not. I am informed also that that is a better commodity for the purpose.

Mr. EULER: Is this not the regular rubber of commerce?

Mr. RHODES: No, it is a synthetic rubber.

Item agreed to.

Customs tariff—634. (ii) Materials, when imported by manufacturers of artificial feathers, fruits, grains, leaves and flowers, for use exclusively in the manufacture of such articles, in their own factories: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 27½ per cent.

Item agreed to.

Customs tariff—651. Buttons of all kinds, covered or not, and button blanks other than in the rough, n.o.p.; recognition buttons and cuff or collar buttons: British preferential tariff, 20 per cent; intermediate tariff, 35 per cent; general tariff, 35 per cent, and per gross: British preferential tariff, 5 cents; intermediate tariff, 5 cents; general tariff, 5 cents.

Mr. RHODES: This is a tariff board item.

Mr. EULER: What is the change?

Mr. RHODES: There have been evasions of the tariff because of the administrative interpretation of the Department of National Revenue. The importers were bringing in

what were to all intents and purposes completed buttons, except that the holes were not punched. They were called blanks and therefore came in free under the next item. As a result of a finding of the tariff board the new wording appears, and it will prevent the evasion of the tariff in the manner I have indicated.

Mr. HANSON (Skeena): Are there any changes in the old tariff item 682? Some representations were made by the fishermen on the British Columbia coast in this regard.

Mr. RHODES: There are no changes.

Item agreed to.

Customs tariff—651a. Buttons, and button blanks other than in the rough, of vegetable ivory: British preferential tariff, 20 per cent; intermediate tariff, 35 per cent; general tariff, 35 per cent, and, per gross: British preferential tariff, 5 cents; intermediate tariff, 10 cents; general tariff, 10 cents.

Item agreed to.

Customs tariff—663d. Soya beans, when imported by manufacturers of milk foods, for human consumption, for use exclusively in the manufacture of such milk foods, in their own factories, until September 30, 1934: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. GERSHAW: These beans are used for many purposes, among others the production of artificial milk. Attempts are being made to cultivate them in Canada, around Winnipeg, and particularly in the irrigated districts in Alberta. What have been the importations?

Mr. RHODES: We have no record as to either imports or exports, nor have we any in regard to production, but we know that there is production in Canada. We propose to make these beans free until the next crop comes in. There is a considerable demand for soya beans and at the moment it cannot be supplied in Canada. This enables importation to be made until the Canadian product is available.

Mr. GERSHAW: Will the item then revert to the old rates?

Mr. RHODES: Yes.

Mr. BURY: Does this item cover soya beans imported for shortening purposes, to take the place of lard?

Mr. RHODES: I do not think it would.

Item agreed to.

Customs tariff—685. Pantagraphs and parts thereof, including diamond points, and engraving mills, for engraving copper rollers used in printing textiles and wallpapers; blankets, blanketing and lapping imported for use exclusively by textile manufacturers and wallpaper printers: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—709. Articles and other goods, the growth, produce or manufacture of Canada, returned to the exporter thereof after having been exported without having been advanced in value or improved in condition by any process of manufacture or other means; also quicksilver flasks, and other metallic receptacles for holding liquids, oyster pails, and impact registers or recorders for use in railway cars, after having been once exported from Canada: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: The only new portion is found in the words, "and impact registers or recorders for use in railway cars." These registers are used by paper manufacturers. They are placed in each carload lot of paper shipped long distances to the United States. The object is to record the time at which any unusual impact arises which may have damaged the paper, and enables those concerned to attribute the blame to the proper railway in consequence of the recorded time. This is an expensive article which pays a duty. Under the wording of the tariff as it stands a duty must be paid every time the recorder comes in; but hereafter, once it has come in and paid duty and the fact is recorded, it may move back and forth free of duty.

Item agreed to.

Customs tariff—811. Ceramic insulator cores, not further manufactured than burned and glazed, printed or decorated or not, without fittings, when imported by manufacturers of spark plugs for use exclusively in the manufacture of spark plugs, in their own factories: British preferential tariff, 5 per cent; intermediate tariff, 10 per cent; general tariff, 15 per cent.

Item agreed to.

Customs tariff—815. Potato starch or potato flour enumerated in tariff item 39 of the customs tariff, when imported for use as material in Canadian manufactures, the weight of the package to be included in the weight for duty, until July 31, 1934, per pound: British preferential tariff, ½ cent; intermediate tariff, 1 cent; general tariff, 1 cent.

Mr. RALSTON: What is the change?

Mr. RHODES: By order in council we provided for free entry of potato starch, because of a shortage in Canadian production, until October 1, 1934. Representations were made to us however that because of the new crop this year a Canadian supply would be available at the earlier date and consequently we have changed the date to July 31.

Mr. RALSTON: That is done under the provisions of the Customs Act empowering the government to permit importation free of duty?

Mr. RHODES: Yes.

Mr. RALSTON: What is the necessity for putting it in the tariff item at all?

Mr. RHODES: This shortens the period provided for in the order in council.

Mr. RALSTON: Would it not be sufficient simply to revoke the order in council making it terminate on July 31?

Mr. RHODES: Yes, except that this was done for the purpose of giving notice to the trade.

Item agreed to.

Mr. RHODES: I should like to have item 1049 stand.

Item stands.

Customs tariff—1060. Plate glass enumerated in tariff item 322, on which duty was paid at the rates of duty set opposite said item. When used in the manufacture of safety or non-shatterable glass: payable as drawback 99 per cent.

Mr. RHODES: I beg to move that resolution No. 4, of April 18, 1934, be amended by striking thereout in its entirety drawback item 1060; and that schedule B to the customs tariff, as amended by resolution No. 4, aforesaid, be further amended by striking thereout drawback item 1067 and by inserting the following item, enumeration and rates of drawback of customs duties, in the said schedule B:

1067. Plate glass, polished, of a class or kind not made in Canada, when used in the manufacture of safety or non-shatterable glass, laminated or otherwise, 99 per cent.

This is really a widening of the item which appeared in the budget. The glass in the budget item was glass of a larger dimension and this enables glasses of any dimensions to be imported. The committee will perhaps be interested to know that this covers a commodity which has only recently come on the market, a shatterproof glass which will be used largely in the motor car industry. Hitherto such glass has been manufactured by a laminated process which was highly expensive, and under certain conditions the lamination was not very well done, so that the glass tended to come apart. But this is just the ordinary straight sheet of plate glass which through some secret process of annealing by electricity has imparted to it shatterproof qualities which do not detract in the slightest degree from the appearance of the glass or its visibility, and which I have had demonstrated in my office with a sheet of glass four feet long, eight inches wide and the ordinary three-eighths of an inch in thickness. I placed this sheet upon two piles of books and a man over two hundred pounds in weight stood upon it. It bent down two or three inches and when he stepped off it came right back to its original position. I placed a sheet of similar glass in a frame and dropped on it a weight of something in the neighbourhood of a pound or a pound and a half from a height of six feet, and the weight merely bounced off. I had a man take a hammer and a nail and he could not make an impression on the sheet. Finally, the only way he could make any impression on the glass was to smash it with a hammer swung with his full strength. He did not go through it; he merely shattered it into a million pieces but it is still there intact and such small particles as came off had about the same appearance as oatmeal. It is really a valuable commodity.

Mr. RALSTON: Item 1067 takes the place of 1060?

Mr. RHODES: Yes.

Item 1067 agreed to.

5. Resolved, that schedule C to the customs tariff, being chapter forty-four of the revised statutes of Canada, 1927, be amended by adding thereto the following item:—

1217. Smoke screen apparatus, for use on motor vehicles or on water-borne craft of all kinds.

Mr. RHODES: We found already this year three motor cars brought into Canada with this smoke screen on them and for no good purpose.

Resolution agreed to.

6. Resolved, that any enactment founded upon the foregoing resolutions to amend the customs tariff or schedules thereto shall be deemed to have come into force on the nineteenth day of April, one thousand nine hundred and thirty-four, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

Resolution agreed to.

INCOME WAR TAX ACT AMENDMENT

Resolved, that it is expedient to amend the Income War Tax Act and to provide:—

1. That income shall include rents, royalties, reservations and other like considerations which fluctuate according to the production from or the use of the property leased or sold.

Mr. RALSTON: As I understand the matter, has an attempt not already been made to enforce a provision of this kind? If I am not mistaken I think there was a case in British Columbia.

Mr. RHODES: I am advised that this amendment has no reference to the case to which my hon. friend has referred. It is merely for the purpose of clarification and to make it competent for the department, in cases where royalties are really a portion of the income and not a portion of the principal, to apply the tax.

Paragraph agreed to.

2. That companies exempt from taxation under section four, paragraph (k) of the act shall not be exempt if they fail to file, without reasonable cause therefor, within four months from the close of their fiscal period and annual return on the form prescribed, and at the same time pay a filing fee of one hundred dollars.

Mr. RALSTON: With regard to this item, has there been some difficulty about filing returns?

Mr. RHODES: Because this class of company has not been taxable, they have not been filing returns. The department feel that they should have a record of these companies and their activities. All this proposes is that there shall be a filing fee.

Mr. RALSTON: This applies to the well known "K" companies we talk about?

Mr. RHODES: Yes.

Mr. RALSTON: Is any special form referred to in this resolution or is it the regular income tax return?

Mr. RHODES: There is a special form called P-2/4K.

Mr. SIMPSON (Algoma): What are the K companies?

Mr. RHODES: They get the name because of the section in the act which is numbered 4 (k). That has reference to Canadian corporations with their assets in Canada but their business conducted outside Canada.

Mr. RALSTON: No; their business and assets are both outside Canada.

Mr. RHODES: That is right.

Paragraph agreed to.

3. That the exemption of $1,000 heretofore afforded a trustee accumulating income in trust for the benefit of unascertained persons or of persons with contingent interests shall be abolished.

Mr. HEAPS: Perhaps on this item I might be allowed to raise a question; although it is not strictly relevant to the point brought up in this particular item I might as well take it up now and get the opinion of the minister on a matter which I raised some time ago but apparently at the wrong time. It has to do with the question of exemptions and refers particularly to the amount allowed for exemption under the ordinary income tax. I have in mind the exemption allowed for sums donated to charitable institutions, churches and so on. I have in mind further the members of several trade unions in this country, which at the present time levy assessments upon their members to maintain the unemployed members of the unions; in some instances that levy runs as high as fifteen per cent of the wages received. While a person who donates for charitable purposes may claim exemption for that amount in making his return, those persons who, of their own free will, donate up to fifteen per cent of their wages in order to maintain the unemployed, thus keeping the unemployed off government relief, are not allowed exemption for that amount. I have had representations made to me from various trade union organizations; as much as $300 and $400 per year is given by an individual to maintain the unemployed members of the union, but he is unable to secure exemption for that amount. I should like to ask the Minister of Finance whether the act could not be amended in some way so that men making donations such as I have referred to would be allowed credit for those donations in connection with their income tax.

Mr. RHODES: My hon. friend probably knows that labour organizations themselves are exempt; they do not pay any income tax. The question of the exemption of charitable bequests, donations and gifts has been very carefully considered; inasmuch as it is a species of exemption subject to abuse it has had to be very carefully administered. So far as I am aware it has been administered very strictly, and has been confined to charitable organizations. However worthy labour organizations may be—and they are worthy—I do not think the ordinary dues paid to a labour organization can be construed as being charitable donations. I do not think they fall within that class of gifts at all. I do not raise the question whether they are or are not donations or whether

they are even voluntary, though in some cases they are not. I do not think you could call them charitable donations. Whether the principle ought to be enlarged to the extent of including the dues to labour unions is another matter.

Mr. HEAPS: May I point out that these are not dues at all; I am not asking for any exemption with regard to the dues paid by a member to his organization. That is an entirely different question. What I do say is that in certain instances, when we have an abnormal unemployment situation as we have had for a number of years, with a large percentage of the members of an organization out of work, the members of that organization assess themselves, of their own free will, to the extent of ten or fifteen per cent of their wages for the purpose of maintaining the unemployed members of the organization, thereby keeping them off relief. I think in such cases, though these donations can be classified as you wish, where voluntary donations are made for the purpose of maintaining unemployed members, exemptions should be allowed for the amounts so donated.

Mr. RHODES: I did not quite get the full purport of what my hon. friend said in the first instance. I had in mind more particularly the ordinary dues paid to labour organizations. My hon. friend has reference to gifts which come from labour organizations during a period of depression.

Mr. HEAPS: Not from an organization; from the individual members.

Mr. RHODES: Then from the members of the organization; we will even go that far. I suppose that might be properly termed a charitable gift, and I am prepared to look into that point. I may say very frankly that it has not been brought to my attention previously, but I shall give it very careful consideration. Further than that I cannot say at the moment.

Mr. EULER: I can remember that a good many years ago repeated representations were made in the house to the effect that there should be exemptions for such gifts as the hon. member has just mentioned, including charitable and religious donations. I think it was in 1930 that the exemption list was very greatly widened, and I am rather surprised to hear the minister say now that this exemption applies only to charitable donations. I have no doubt that the commissioner has the amendments of 1930 before him, and if my memory serves me correctly they go a good deal further than charitable purposes. I should think a great deal is in the interpretation placed upon the amendments by the department, but I am quite certain that other gifts are exempt than those purely for charitable purposes. If that is not so I should like to know where I am wrong.

[Mr. Rhodes.]

Mr. RHODES: It may be possible that the matter can be dealt with administratively. I am going to ask the commissioner of income tax to advise me as to whether that cannot be dealt with as an administrative matter.

Mr. HEAPS: Do I understand that the point raised will be taken up with the commissioner to see whether gifts of that kind can be included?

Mr. RHODES: Yes.

Paragraph agreed to.

4. That interest, dividends, rents, royalties, annuities and other periodical payments received by executors and administrators of a deceased person shall be apportioned as if accruing from day to day and that portion accrued to the date of death shall be taxed as income of the deceased.

Paragraph agreed to.

5. That the amounts paid by an estate or trust for the upkeep, maintenance and taxes of any property which under the terms of the will or trust in question are required to be maintained for the use of life beneficiaries shall be taxable as income of such beneficiaries.

Paragraph agreed to.

6. That where any of the shares of a personal corporation are held by a non-resident shareholder, the company shall be taxable at the corporate rates of tax on such shareholder's proportionate interest in the income of the personal corporation.

Paragraph agreed to.

7. That income from assets transferred directly or indirectly by a taxpayer to minors shall continue to be taxed as the income of the taxpayer transferring the assets.

Paragraph agreed to.

8. That any enactment founded on this resolution shall be deemed to have come into force at the commencement of the 1933 taxation period and to be applicable thereto and to fiscal periods ending therein, and to all subsequent periods.

Mr. RALSTON: Is this the usual provision?

Mr. RHODES: Yes.

Mr. RALSTON: That means it dates back to when?

Mr. RHODES: It applies to the income of 1933, which is to be assessed.

Mr. RALSTON: The income for the period for which returns already have been made?

Mr. RHODES: Made on April 30.

Mr. RALSTON: I do not know what the previous practice has been, but I submit that this is wrong.

Mr. RHODES: I am advised that this is done every year.

Mr. RALSTON: Then let us stop it now. I think the minister will agree that making a retroactive assessment like this is wrong. I had not picked out any particular item, but I notice paragraph 5:

That the amounts paid by an estate or trust for the upkeep, maintenance and taxes of any property which under the terms of the will or trust in question are required to be maintained for the use of life beneficiaries shall be taxable as income of such beneficiaries.

A life beneficiary gets a property, and one of the provisions of the will is that the property shall be maintained. The cost of maintaining that property is taxable as income. The taxpayer has already made his return, not assuming that he would have to pay taxes on that amount. He now has to amend his return for last year and be charged income tax. I mention that, because although I do not know an actual case in which it has occurred I can see the possibility of hardship being created in connection with it. In the same way, the exemption of $1,000 is heretofore afforded the trustee, who has already made the return. He has administered the estate, and finds that the exemption has gone, and has gone for the previous year for which he has already made the return. It is the question of retroactive legislation to which I object.

Mr. RHODES: On principle, I agree with the hon. member. Personally I have felt its effect very fully, because on one occasion I have in mind I had to go to the bank and borrow money wherewith to pay my income tax. A portion of that income tax was paid upon dividends received from a security which had become absolutely worthless, and which never will be worth a cent. These hardships arise. The retroactive feature about which my hon. friend has complained has been in the act since its inception, something like eighteen years, if my memory serves me correctly. It is bad enough for a man to have to pay income tax if he has made provision for it in the course of the year, but it is very much worse to be called upon unexpectedly to pay an enhanced income tax upon an income which has perhaps been spent. That, however, is an objection which can be lodged against our income tax in any year. Whether or not we can get a system which will enable us to get away from that is a matter open to question. If we can, it certainly will have to be done in years when we have a more buoyant treasury than we have to-day, when we are called upon to retain every dollar we can get.

Mr. RALSTON: Can the minister give any estimate as to what these resolutions will bring in for the year 1933?

Mr. RHODES: No, I am advised that we have no estimate.

Mr. RALSTON: I protested two years ago, along with other hon. members some of whom I believe sat behind the minister, against making retroactive the reduction of the minimum income which was taxable. I contended it was wrong at that time, and I say so now. I do not think the fact that we did it two years ago or five years ago makes it any sounder to-day. I protest vigorously against his practice which has grown up of amending the income tax laws or, for that matter, any other laws, and making their effect retroactive. I do not think it is good legislation, I do not think it is good policy, and I do not think it can be justified on the ground of revenue. If we are going to make a special levy, let us make it, but do not make it under the income tax act when in fact it is really the confiscation of the property of the taxpayer.

Paragraph agreed to.

Resolution agreed to.

EXCISE ACT AMENDMENT

Resolved, that it is expedient to introduce a measure to amend the Excise Act, being chapter sixty of the revised statutes of Canada, 1927, and amendments thereto, and to provide:—

1. That the excise duty on malt be increased as follows:—

(a) On screened malt (malt from which the coomings have been removed), manufactured in Canada subject to excise regulations with respect to absorption of moisture in warehouse, from three cents per pound to seven and one-half cents per pound;

(b) On malt imported into Canada and warehoused, from three cents per pound to seven and one-half cents per pound;

(c) On malt imported into Canada, crushed or ground, from five cents per pound to nine and one-half cents per pound;

thereby consolidating as a single duty of excise the duties of excise now imposed upon malt used in the brewing of beer and the gallonage tax imposed under the Special War Revenue Act at the rate of twelve and one-half cents

per gallon upon the beer itself, the said gallonage tax to be repealed by an amendment to the Special War Revenue Act.

All duty-paid malt on hand in any premises subject to excise on the day this act comes into force to be subject to the difference between the rate already paid and that hereby imposed.

Mr. RHODES: I may as well deal with the whole schedule at this time, and announce the amendments by way of reductions. The committee is aware, of course, that this is a new method of taxation. Hitherto we have taxed in two ways. First, we had the tax upon malt, and then the gallonage tax. Now we propose to collect one tax upon malt, because we believe that will be the more convenient way of collecting the tax, and a method of taxation which provides less opportunity for evasion. The tax as originally proposed was 7½ cents per pound. The officials of the department were of the opinion that on the whole it was comparable to the combined two taxes which were taken under the previous form of taxation. But I do not think they made quite sufficient allowance for the wastage, which amounts to something like fifteen per cent. Furthermore, we collect the tax at once, whereas under the old method of taxation it would be deferred for months until, when the beer was consumed, the gallonage tax could be imposed. So as not to overtax the commodity it is now proposed that the tax should be reduced to six cents per pound, which is a substantial reduction. We have also in mind that so far as our taxation methods can do so we should encourage the use of lighter rather than heavier beverages. We feel that we would like to try it out for at least a year, and it is our belief that as a result of this lowering of the excise duty, which should make possible the five cent glass of beer, the increased consumption will bring about a condition whereby the revenue will not suffer. Let us hope that the people who produce this additional amount of revenue will not suffer by virtue of using the lighter rather than the heavier beverage.

Mr. GEARY: Could the minister state definitely that this reduction to six cents does effect a substantial reduction in the gross taxation to which the article was subject before?

Mr. RHODES: Yes.

Mr. GEARY: I should like the minister to make the paragraph plain, because naturally a great many people are interested in this matter.

[Mr. Ralston.]

Mr. RHODES: The old tax amounted to 17·75 cents per gallon of beer. The new tax will be 14 cents, making a reduction of 3·75 cents per gallon. I therefore move:

That in paragraph (a) of resolution No. 1 the words "six cents per pound" be substituted for the words "seven and one-half cents per pound," and that in paragraph (b) the words "six cents per pound" be substituted for the words "seven and one-half cents per pound," and that in paragraph (c) the words "eight cents per pound" be substituted for the words "nine and one-half cents per pound."

Mr. JACOBS: Do I now understand we are changing the system and that we are now taxing beer by the pound instead of by the gallon?

Mr. RHODES: We are taxing malt by the pound, from which beer is made, and we are removing entirely the gallonage tax.

Mr. EULER: I quite agree with the minister that the change he has made will be a more convenient method of collecting the tax, so far as the Department of National Revenue is concerned. I am afraid I cannot quite agree with him, with the information I have before me, that it will make a very substantial reduction in the price of the beer. The figures I have indicate that under the present method of taxation the tax per gallon of beer or ale works out at 19·7 cents per gallon. With the proposed tax as the minister had it at first of 7½ cents—

Mr. RHODES: My hon. friend must make a reduction there to cover wastage. That is why I used the figure 17·75.

Mr. EULER: But I understand that under the present method there is no allowance made for wastage.

Mr. RHODES: There will not be under the new method.

Mr. EULER: Exactly. There was no allowance made for wastage, and that was one of the main objections made by the brewers.

Mr. RHODES: I want my hon. friend to have the record right. The two figures I gave showing a reduction of 3¾ cents per gallon took cognizance of wastage.

Mr. EULER: The point I rose to make really was this. The minister expressed the hope that this would reduce the cost of beer. I suppose the inference was that it would lead to increased consumption, and that by reason of increased consumption the revenues would be just as great as if not greater than they

otherwise would be. The reduction he announces to-night as compared with that announced when the budget was brought down represents about 3½ cents a gallon, and I am very much afraid that 3½ cents a gallon will hardly make much of a difference.

Mr. RHODES: I am told that it means a five cent glass of beer.

Mr. EULER: I was merely going to express a certain amount of doubt whether a reduction of 3½ cents a gallon would be of material help in that direction.

Mr. RHODES: My hon. friend must bear in mind that we consume in Canada about forty million gallons, so it amounts to a very substantial reduction.

Mr. EULER: I admit that I do not know very much about it. If the man who sells the beer is going to reduce the price from ten to five cents, he is likely going to cut down the size of the glass. One would not think that 3½ cents a gallon would make much difference in the price of a glass.

There is one other point. The minister said he hoped that this would perhaps lead to the consumption of beer and drinks of that sort rather than the consumption of hard liquor. This point has been drawn to my attention, and I think it is true. Even to-day you are putting a higher tax on beer than you put on native wine. I am not sure that that should be done. Beer also is a native production, and I cannot see any good reason why this popular drink, perhaps much more popular than native wine, should be taxed higher than native wine.

Mr. MITCHELL: I understood the minister to say that the tax on malt was six cents a pound, but in another section I see it is 17 cents a pound.

Mr. RHODES: My hon. friend is thinking of malt syrup. I have an amendment to that section.

Mr. MITCHELL: I know what I am talking about when I talk about malt syrup. A reduction in that tax is reducing the cost to the individual who wants to brew his own beer.

Paragraph agreed to.

2. (a) That the existing duty imposed on beer or any fermented beverage made in imitation thereof, brewed in whole or in part from any other substance than malt, be increased from fifteen cents per gallon to twenty-five cents per gallon, thereby maintaining the differential rate of duty between beer brewed by the use of malt and beer brewed by the use of other substances and combining with the said excise duty the gallonage tax imposed upon such liquor under the Special War Revenue Act.

(b) That an excise duty be imposed on all beer imported into Canada and taken out of bond for consumption at the rate of twelve and one-half cents per gallon, to replace the excise tax imposed at the same rate under the Special War Revenue Act.

(c) That an excise duty be levied upon all beer brewed from duty-paid malt in storage at the time of the coming into force of this act at the rate of ten cents per gallon.

Mr. RHODES: I move that paragraph 2 be amended by substituting the word "twenty-two" for "twenty-five" in line 3 of paragraph (a), and by substituting the words "seven" for the words "twelve and one-half" in paragraph (b), and by substituting the word "seven" for the word "ten" in paragraph (c).

Amendment agreed to.

Paragraph as amended agreed to.

3. That an excise duty be levied upon all unfermented wort (sweet wort) suitable for the brewing of beer, in storage and unsold at the coming into force of this act, at the rate of ten cents per gallon, thereby equalizing the duty to be levied upon such sweet wort with the duty to be levied upon the malt entering into the production of sweet wort produced after the coming into force of the increased duty on malt hereby proposed; the tax imposed upon such wort under the Special War Revenue Act to be repealed.

Mr. RHODES: I have an amendment to this resolution, Mr. Chairman, that the word "seven" be substituted for the word "ten" in line 3. That makes it seven cents a gallon instead of ten cents, a reduction of three cents per gallon.

Amendment agreed to.

Paragraph as amended agreed to.

4. That excise duties be levied on all malt syrup suitable for the brewing of beer at the following rates:

(a) When manufactured or produced in Canada prior to the coming into force of this act, per pound twenty cents;

(b) When manufactured or produced in Canada after the coming into force of this act, per pound seventeen cents;

(c) When imported into Canada or taken out of warehouse after the coming into force of this act, per pound twenty cents;

the above duties to replace the existing tax imposed by the Special War Revenue Act at the rate of twenty cents per pound, the reduction under (b) being to compensate for the increased duty on malt which enters into the production of such syrup.

Mr. RHODES: I have an amendment to substitute the following for paragraph (a):

On hand and unsold on the first day of July, 1934, per pound 13 cents.

And to substitute in paragraph (b) the word "ten" for the word "seventeen"; and in paragraph (c) the word "sixteen" for the word "twenty". That makes it sixteen cents per pound instead of twenty. Hon. gentlemen will see that by the amendment to paragraph (b) there is a reduction of about fifty per cent.

Mr. EULER: The minister speaks of a reduction of fifty per cent. Does he mean a reduction as compared with the tax originally proposed in this budget or as compared with the tax last year?

Mr. RHODES: The tax was 20 cents last year. The budget proposals made it 17 cents, and we are now reducing it to 10 cents.

Amendment agreed to.

Paragraph as amended agreed to.

5. That any enactment founded on this resolution shall come into force on the first day of July, one thousand nine hundred and thirty-four.

Mr. RALSTON: Why not make the reductions retroactive as well as the taxes?

Mr. JACOBS: Yes, retroactive on the beer we have consumed.

Paragraph agreed to.

Mr. McINTOSH: With reference to resolution No. 1 amending the Excise Act and providing that the excise duty on malt be increased, the tax as brought down was 7½ cents.

Mr. RHODES: It has been reduced to six cents.

Mr. McINTOSH: I was waiting for this resolution to come up, but unfortunately I was a little late coming in. I should like to be allowed to put on record the view of the Star Brewing Company, Limited, of North Battleford in regard to this excise tax on beer. The statement they make is as follows:

Proposed method of collecting excise tax on beer satisfactory but rate too high. Under proposed arrangement all taxes on beer are collected five to six months before beer is sold at practically the old rate. Brewers anxious to reduce beer price by passing reduction in taxation on to consumer. Five cents tax per pound on malt instead of seven and a half would make this possible. Reduced beer price would bring increased sales. Increased sales would mean increased employment, increased actual revenue on malt and in duty on hops.

That is the viewpoint of the Star Brewing Company, Limited, of North Battleford. The minister has made a change in the duty but not the change which this company desires. I wished to put on record their statement in the matter and to ask the minister if he has done all that he can with respect to meeting their viewpoint.

Mr. RHODES: Representations were made to us by the brewers' association of Ontario, and the lowest figure they suggested was five and a half cents. After conference with the officials of the department, I came to the conclusion they would not be overmodest in their request and that when we had placed the figure at six cents we had gone about as low as we could go with safety. We felt that we were meeting the wishes of the brewers as nearly as possible. What we had in mind was the desire to reduce the tax so that a man could get a five cent glass of beer and I believe that is what will happen under these taxation proposals.

Mr. McINTOSH: The same company makes the statement that the proposed change in taxation is of no value and under it practically no reduction takes place. They state that home brewing is made profitable by high taxation and that much revenue is lost; that low taxation would cut out the home brewer and assist in increasing the revenue from legally made beer.

Mr. RHODES: There is a reduction and I would be interested in getting the reaction of that company to the new proposals.

Mr. MITCHELL: I object in a humorous way to the observations just made. We should not be preventing people from making their own beer. Many who come from the older countries of Europe have their own recipes and I think they are entitled to just as much consideration as the brewers. This is why I feel more or less gratified at the reduction in the tax to those who brew their own beer.

Resolution agreed to.

CUSTOMS TARIFF AMENDMENT

1. Resolved, that the customs tariff, being chapter forty-four of the revised statutes of Canada, 1927, as amended by chapter thirty-nine of the acts of 1929, chapter thirteen of the acts of 1930 (first session), chapter three of the acts of 1930 (second session), chapter thirty of the acts of 1931, and chapters six and thirty-seven of the acts of 1932-33, be further amended by striking thereout paragraph (j) of subsection (1) of section 2 thereof and by substituting therefor the following:—

(j) "proof," "proof spirit" or "proof spirits," means any spirit having the strength of proof by Sikes' hydrometer, that is, spirit which at the temperature of fifty-one degrees Fahrenheit weighs exactly twelve-thirteenths of the weight of an equal measure of distilled water at the same temperature.

Mr. RHODES: This is purely an administrative change, the purpose being to provide a more precise and accurately worded definition of proof, proof spirit and proof spirits. This is in conformity with representations made by the Department of National Revenue.

Resolution agreed to.

2. Resolved, that the aforesaid customs tariff be further amended by adding to section 5 thereof the following subsection:—

(5) In computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom, the value for duty shall not include the amount of the customs duty payable on tea for consumption in the United Kingdom.

Mr. RHODES: This is restoring an old section. It has the effect of lowering the duty upon tea.

Mr. RALSTON: Is it correctly worded? It states "in computing the ad valorem rate of duty," but the rate of duty does not need to be computed.

Mr. RHODES: It is to relieve the Canadian purchasers of tea from the payment of what amounts to a double duty.

Mr. RALSTON: It says, "in computing the ad valorem rate," but that rate is fixed; it should be, "in computing the ad valorem duty."

Mr. RHODES: It appeared in the tariff until 1931 at which time it was dropped because for some years there had been no customs duty on tea entering the United Kingdom. The provision had become meaningless but subsequently a duty was placed on tea by the United Kingdom and unless this amendment went through we would be placing a tax upon a tax.

Mr. RALSTON: My only point is in connection with the wording of the resolution. I do not think it carries out what you suggest.

Mr. RHODES: It is the same as the original section.

Mr. RALSTON: As I understand it, the ad valorem rate of duty is fixed.

Mr. RHODES: My hon. friend may be right, as I took this without scrutinizing it with any great care. I assumed that the Department of National Revenue knew its own business, but perhaps my hon. friend is right.

Mr. EULER: Should it not be, "in computing the duty"?

Mr. RALSTON: There may be a specific duty.

Mr. RHODES: I move that the words "rate of" be struck out of the first line of subsection 5.

Amendment agreed to.

Resolution as amended agreed to.

SPECIAL WAR REVENUE ACT AMENDMENT

Resolved, that it is expedient to introduce a measure to amend The Special War Revenue Act, chapter one hundred and seventy-nine of the revised statutes of 1927, and amendments thereto, and to provide as follows:—

1. That the excise tax imposed by section eighty and schedule II of the said act on the following items be repealed, namely:—

Ale, beer, porter and stout;

Unfermented wort (sweet wort) suitable for the brewing of beer (as imposed by section twenty-seven of chapter fifty of the statutes of 1932-33);

Malt syrup, or malt syrup powder, extracts of malt, fluid or not, or any other malt product suitable for the brewing of beer (as imposed by said section twenty-seven).

(To be replaced by excise duties.)

Paragraph agreed to.

2. That said schedule II, as enacted by section twenty-seven of chapter fifty of the statutes of 1932-33, be further amended by striking thereout items (i) and (ii) and substituting the following:—

(i) Materials enumerated in customs tariff items 134, 135, 135 (a), 135 (b), 139 (except glucose and grape sugar), 140 (except molasses); invert sugar and syrup, 1 cent per pound;

(ii) Glucose and grape sugar (except when for use exclusively in the manufacture of leather and artificial silk), ½ cent per pound.

Mr. RALSTON: Could the minister tell us how much was collected under item (i)?

Mr. RHODES: I am informed that the figures are not separated. The total amount received last year was something over $14,000,000.

Mr. RALSTON: That is when the rates were two cents and one cent per pound?

Mr. RHODES: Yes.

Mr. RALSTON: Could the minister give a rough estimate of what proportion was collected under the two cent rate?

Mr. RHODES: It is not segregated and I am told by the officials that they could not even make an estimate.

Mr. RALSTON: Would it not be possible for us to get an estimate of how much was collected from the householder?

Mr. RHODES: Sugar is used very largely in industry, and it is not possible to make a computation.

Mr. RALSTON: What is sugar used for under (ii)?

Mr. RHODES: Glucose and grape sugar take the place of sugar in many manufacturing industries. Confectioners use a considerable quantity.

Mr. RALSTON: There must be some assessment in the department showing the quantity on which the 2 cents was collected.

Mr. RHODES: I can get that figure.

Mr. RALSTON: That is what I want.

Mr. RHODES: I understood my hon. friend to ask whether, out of the two cent rate, we could allocate the amount used as domestic sugar and the amount used in industry.

Mr. RALSTON: Can the minister give me the information now?

Mr. RHODES: I will try to get it before we rise.

Mr. GERSHAW: In view of the fact that a great quantity of home grown sugar is used, has the minister been requested to remove the one cent duty altogther from sugar made from home grown material?

Mr. RHODES: I think it is safe to take it for granted that representations have been made with respect not only to this but to every other form of taxation. That is as regular as the rising and the setting of the sun, and I hope my hon. friend will not take that answer as levity. I have no doubt representations have been made but I have no particular ones in mind at the moment.

Paragraph agreed to.

3. That schedule III to the said act, being the list of articles exempted from the consumption or sales tax, as enacted by section twenty-eight of chapter fifty of the statutes of 1932-33, be amended as follows:

(a) by deleting the words "when produced by any one manufacturer or producer to the value of not more than three thousand dollars in any one calendar year" where they appear after the words "bakers' cake and pies" at the end of the second paragraph of said schedule and by substituting the words "not to include biscuits, cookies or other similar articles";

(b) by adding to the said schedule the following:

Sap spouts and sap buckets, evaporators and complete parts therefor, when for use exclusively in the production of maple syrup;

Milk albumen, when for use exclusively in the production of animal or poultry feeds.

Paragraph agreed to.

4. That schedule V to the said act, as enacted by section thirty of chapter fifty of the statutes of 1932-33, containing list of exemptions from special excise tax imposed by section eighty-eight of the said act, as enacted by section twelve of chapter fifty-four of the statutes of 1932, be amended by adding thereto the following:

"Articles enumerated in customs tariff item 352 (a)."

Paragraph agreed to.

5. That subsection one of section seventy of the said act, as enacted by section ten of chapter fifty of the statutes of 1932-33, be repealed and the following substituted therefor:—

70. (1) No postal note shall be issued under the provisions of the Post Office Act unless there is affixed thereto a postage stamp of the value of:

(i) one cent if the amount of money for which postal note is issued is not more than one dollar;

(ii) three cents if the amount of money for which the postal note is issued exceeds one dollar; to be paid for by the purchaser of the note.

Mr. VENIOT: Is the minister aware that no postage stamps are affixed to postal notes? The war tax is collected by the printing in the corner of words indicating that the tax is paid, but no stamp is affixed.

Mr. RHODES: I got this wording from the Post Office Department.

Mr. VENIOT: I looked up the act just now and was surprised at the discovery that no stamp is affixed at all; it is printed on the corner.

Mr. RHODES: Might not that be considered as the affixing of a stamp? My hon. friend knows more about it than I do, but I took the views of the Post Office Department. I shall be glad to look into the point.

Mr. VENIOT: It would be just as well for the minister to look into it.

Mr. RALSTON: How much will be collected under this item?

Mr. VENIOT: Last year about seven million notes were issued?

Mr. RHODES: It is not a large amount, somewhere in the neighbourhood of $150,000.

Mr. VENIOT: More than that. Last year three cents was collected on every postal note, and if I mistake not there were over seven million postal notes issued, so that it would be about $250,000. Why not make the postal note entirely exempt from the tax up to $3? It is the poor man's note, and I think it

should be exempt. Let money orders pay the war tax, but I suggest that postal notes be exempt to the extent I propose.

Mr. RHODES: I shall be glad to consider the suggestion. While however the tax seems trivial it runs into a substantial sum of money. I have known of instances where, the tax on cheques not being applicable above $5, a man of considerable means was at pains to write three cheques of $5 each rather than one cheque for $15, thus saving a few cents in taxation. There is always that temptation and we think it preferable to grade the tax. After all, one cent on a postal note is not a very heavy tax and on the whole cannot be regarded as an undue burden.

Paragraph agreed to.

6. That subsection two of section seventy-seven A, as enacted by section twelve of chapter fifty of the statutes of 1932-33, be repealed and the following substituted therefor:—

77A. (2) Except as hereinafter provided, every manufacturer and every importer of cigarette paper tubes shall affix to every package of cigarette paper tubes manufactured by him or imported by him into Canada, an excise stamp of the value of three cents for each one hundred cigarette paper tubes or fraction of one hundred cigarette paper tubes contained in such package.

Paragraph agreed to.

7. That subsection one of section eighty-three of the said act be amended by repealing paragraph (b) and substituting the following:

(b) a tax of seventy-five cents per gallon on champagne and all other sparkling wines.

Mr. RALSTON: On the basis of last year's collections how much does the minister expect to lose by this reduction?

Mr. RHODES: I am not in a position to give my hon. friend amounts, but I may say that I expect to gain by this because the tax of $1.50 as it stood before was too high and the sales were negligible. It is felt now by this reduced impost we shall collect more money than we did when the rate was double the amount.

Mr. RALSTON: What was the amount collected last year?

Mr. RHODES: Last year, $13,000 gross.

Paragraph agreed to.

8. That section eighty-eight of the said act, as enacted by section twelve of chapter fifty-four of the statutes of 1932, be amended by adding thereto the following proviso:

Provided, further, that the said tax be at the rate of one and one-half per cent on all goods imported into Canada entitled to the benefit of the British preferential tariff or any lower tariff.

Mr. RALSTON: What was the total amount of three per cent excise tax as levied on these goods?

Mr. RHODES: My hon. friend wishes to know the total amount raised by the three per cent excise tax in its full application?

Mr. RALSTON: On British preference goods.

Mr. RHODES: The total amount collected last year on all goods was, in round figures, $14,000,000. I am speaking from memory but, I think, accurately. The amount collected on British preference goods was $3,000,000. Therefore on the basis of this computation we shall reduce the revenue by $1,500,000.

Mr. RALSTON: I think I would have left out the postal notes altogether.

Paragraph agreed to.

9. That there shall be imposed, levied and collected a tax of ten per centum on the value of gold deposited for sale at the Royal Canadian Mint, such value to be an amount calculated under regulations to be made by the governor in council on the basis of the sale price of gold in the world market converted into Canadian currency at the prevailing rates of exchange, the amount of the tax to be deducted from the value so determined before final settlement is made by the Mint with the depositor.

Mr. RHODES: In conformity with the announcement made by the Prime Minister as to amendments to be made to this tax I propose to move an amendment to resolution No. 9. Inasmuch as it is now five minutes to eleven o'clock and I should like to table the findings of the tariff board before the house adjourns, I might just give notice of this so that it will appear in the votes and proceedings together with the other amendments in order that hon. members may before the next sitting have cognizance of all the amendments. I will hand to the chairman so that they will appear in the votes and proceedings, amendments to resolutions Nos. 9, 10, 11, 12, 13 and 14.

Mr. VENIOT: To have the record correct as to postal notes, I have the exact number issued for the year ending March 31, 1933. It is 5,963,807.

Progress reported.

TARIFF BOARD REPORTS

Mr. RHODES: While we were in committee of ways and means I gave notice of certain amendments to tariff resolutions in consequence of reports of the tariff board. With the consent of the house I desire now to lay on the table reports of the tariff board on nursery stock, hats and hoods, and cellulose acetate yarns.

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

Wednesday, May 30, 1934

The house met at three o'clock.

REPORT

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

HUDSON BAY INSURANCE RATES

Hon. ALFRED DURANLEAU (Minister of Marine): Mr. Speaker, on May 17, the Prime Minister made a statement with regard to the imperial shipping committee's fifth report on Hudson bay marine insurance rates, 1934, and tabled two copies of the report. I desire to tell the house that a limited number of printed copies of the report are now available to hon. members interested and they may apply for same either to the distribution office or to the Department of Marine.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

BLACK CAPE STATION, QUE., MAIL CONTRACT

Mr. MARCIL:

1. Has a new mail contract been entered into by the Post Office Department for the mail service between Black Cape station and Black Cape post office in Bonaventure county?
2. If so, were tenders called and who were the tenderers?
3. To whom was this contract awarded?

Mr. SAUVE:

1. Yes.
2. No, in conformity with the Post Office Act, the price of the contract being less than $200.
3. Theo Leblanc at $195 per annum on the recommendation of Hon. Dr. E. Paquet, P.C.

[Mr. Venoit.]

BERSIMIS-SEPT ISLES POSTAL SERVICE

Mr. CASGRAIN:

Has the Postmaster General received any requests or petitions from citizens of the north shore of the St. Lawrence river with respect to the establishment of a bi-weekly postal service, with the use of horses, between Bersimis and Sept Isles, also with respect to the establishment of an air mail service with Matane, on the south shore, as a starting point, which would provide for the transportation of first class mail between Matane and the important communities on the north shore, from Godbout to Natashquan?

Mr. SAUVE:

Yes, request has been received in both cases and the matter is under consideration.

MOTION FOR PAPERS

SHAUNAVON, SASK., ARMOURY

Mr. BOTHWELL (for Mr. Donnelly):

For a copy of all correspondence, letters, telegrams and other documents, passing between the Canadian Legion, British Empire Service League of Shaunavon, Saskatchewan, or any representative thereof, and the Department of Public Works and the Department of National Defence, together with a copy of correspondence passing between the said two departments or between any person and either of the said departments, relative to the lease—or renewal thereof—of the armoury at Shaunavon, Saskatchewan, since August, 1930.

BUSINESS OF THE HOUSE

ADJOURNMENT IN HONOUR OF THE KING'S BIRTHDAY

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I should like to ask the hon. member leading the government if he can advise the house as to whether or not there will be recognition of the King's birthday by this parliament? The birthday comes on Sunday, but there has been some rumour to the effect that the house might not sit on Monday. Is the hon. member in a position to advise the house?

Hon. HUGH GUTHRIE (Minister of Justice): The Prime Minister will be in his place to-morrow, at which time he will answer the question. I have not heard a discussion of the matter.

MARKETING ACT

Hon. HUGH GUTHRIE (Minister of Justice): It was the intention to bring on the marketing bill to-day for third reading, but last night an hon. member sitting opposite said he had not received a copy of the re-

print. I have not one before me, but if there is any desire that the matter be delayed for another day or two, I have no objection.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Looking into Hansard I observe that the hon. member indicated other measures to be taken up before the marketing bill.

Mr. GUTHRIE: The others will not take much time.

Mr. MACKENZIE KING: I doubt if hon. members have had an opportunity to read the revised marketing bill. I think it had better stand for a day at least.

Mr. GUTHRIE: We will let it stand.

INQUIRIES ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the third reading of Bill No. 84, to amend the Inquiries Act.

Motion agreed to, and bill read the third time and passed.

DOMINION COMPANIES ACT

The house resumed from Tuesday, May 29, consideration in committee of Bill No. 64, respecting dominion companies—Mr. Cahan—Mr. Gagnon in the chair.

On section 12—Different classes of shares.

Mr. BUTCHER: I would ask the minister whether he does not think it would be advisable to reduce the number of securities provided for in this section. Subsection 1 reads in part as follows:

> The letters patent or supplementary letters patent of a company may provide for shares of more than one class and for any preferred, deferred or other special rights, restrictions, conditions or limitations attaching to any class of shares;

It seems to me, Mr. Chairman, that our securities system might be very much simplified, and I am wondering if we could not reduce the number of securities. The vast number that we now have lead only to confusion and mystification, in my opinion. We have bonds and debentures, preferred shares, common stock, class A, class B, and perhaps other classes of preferred and deferred shares, also cumulative and non-cumulative, voting and non-voting shares, and sometimes in different series, and the directors have the right to fix before the issuance of the securities the designation, the rights, the restrictions, and the limitations and conditions attaching to each series. It appears to me, Mr. Chairman, that all this kind of thing must lead to confusion in the minds of investors, the majority of whom are perhaps not well versed in the exact meaning of these terms.

It also seems to me that it is the less reliable companies that desire to avail themselves of this great variety of securities, and it has occurred to me that it would be possible to reduce this number so that whatever classes of securities are offered for sale might be clearly understood by the investing public. I may be mistaken but in my view we could probably get along very well with only three or four different classes of securities, say bonds and debentures, one class of preferred stock and one class of common stock.

It also seems to me that it should be possible to have the nomenclature of securities very much simplified, and perhaps provide a definition in the act as to the exact meaning of each particular class, so that the person who buys a bond may know exactly under all circumstances what that bond covers. Perhaps it should be secured upon the real estate and other physical assets of the corporation. And the same with regard to debentures, and precisely the same with regard to preferred and common stocks. I would suggest that something of that sort might be arranged by the minister. I have no intention of moving any amendment but I should like to hear the minister's opinion of my suggestion.

Mr. CAHAN: I appreciate the suggestion of the hon. member for Last Mountain. He has also discussed his proposition with me outside of this house. I think, however, it is very difficult indeed for this house to reform the whole of the business methods of the civilized world. There is not a country I know of, especially an English-speaking or French-speaking country, in which these various classes of securities are not issued.

With regard to the issue of securities it is I think quite impossible to define by statute what specific property a bond or a debenture may cover. In the one case it may cover only real estate; in other cases it may cover real and personal property. In the one case it may be issued under certain conditions with regard to redemption, and in other cases it may have other qualifications. We are but a small part of the commercial world and therefore if our companies are to secure the funds necessary for their legitimate operations they must be in a position to issue securities in which the investing public are accustomed to deal. I doubt very much indeed whether apart from mining shares, which are dealt with on a different basis throughout the world from the shares of ordinary commercial and industrial companies, there is really any mis-

understanding on the part of the investing public as to the nature of the securities which they are purchasing.

In this statute we have provided that no sale of any shares may be made by or on behalf of a company to any person in Canada or elsewhere until the prospective purchaser has received from the company or its underwriters a prospectus setting forth every particular relating to that security. But in my experience no prospectus issued in the past has been the sole basis of an application for shares. I notice in the city of Montreal, for instance, that shares to the amount of millions have been taken up within twenty-four hours when all the applicants themselves certainly did not receive a prospectus or even read a prospectus. The ordinary course in such a city is that one who desires to invest will ring up on the telephone an investment broker in whom he has confidence and will ask him. "How do you look upon this proposed issue? Do you think it a safe investment?" And on the information then given hundreds and even thousands of men make applications for securities and complete their investments. They trust to the judgment of those who study these prospectuses, and who have available in addition experts who make inquiries and thereby satisfy their principals as to the nature and value of the proposed investment.

In the case of this bill we have gone further than any other act of which I have cognizance. We have provided that no application for a company's shares can be accepted unless a prospectus has been placed in the hands of the applicant. It is then his option whether or not he reads it. Further, we have made the company which issues the prospectus liable with respect to any misrepresentation made therein, whether the misrepresentation induces an applicant to subscribe or whether he subscribes without regard to the contents of such prospectus. We have gone very far indeed.

We are in this dilemma. While the government, I think with the approval of the majority of the committee, has endeavoured by this bill to effect very radical reforms, we must proceed somewhat slowly because there are nine provincial legislatures and under the judicial decisions to date, each of those legislatures is authorized to legislate for the incorporation of companies. Each and every one of the nine provinces has an act in force to-day under which these various classes of shares are authorized. We cannot reform the whole business community by one bill such as this but we have gone as far as we now think it possible to go to attain the end which we have in view. I have my own views as to the legislative jurisdiction of the various provinces but perhaps hon. members who are lawyers will not agree with them. My own view is that this parliament might pass an act preventing a provincial company from entering into either interprovincial or international trade and business. But that is not the opinion which prevails throughout the country. Some day I trust that that issue will be decided by the highest court in the land. In the present bill we have attempted to prohibit or control those company methods which have proved more or less inimical to the public interest, and I think we might well leave it to a succeeding parliament to decide in the future whether there are the other practical evils which might be prohibited or controlled.

Since this bill has been proposed and has received publicity, I am confident that tens of applications have been made to the provinces rather than to the office of the Secretary of State for incorporation. If I did not misunderstand an hon. member, he told me to-day that his firm had placed seven applications for incorporation with the provincial governments rather than apply to the Secretary of State knowing, as he suggested, that I would not grant him all the privileges and powers which he desired and which would be granted freely under one or other of the nine provincial companies acts. I am anxious to go with the committee as far as possible as this is not a party issue, but I suggest to the hon. member for Last Mountain that his proposal to wipe out these various classes of securities would be inimical to the public interest and would not attain the end which he has in view.

I should like to speak frankly to the committee. When conducting a law business in the city of Montreal in times past, I have applied to the Department of the Secretary of State for certain powers and privileges and my application has been refused by the Under Secretary. Within twenty-four hours I have by a night cable to London secured the powers which I desired under the English companies act. I thus organized a company through a firm of solicitors in London and within a week had an office in Canada from which was conducted the very business which the Under Secretary of State refused my clients the power to do under our Companies Act. If you propose to legislate against English, French or American Companies doing business in this country under the authority of their several charters, you create at once a very difficult situation because by

international comity we are bound to recognize the status of these foreign corporations. Therefore, I suggest that we remedy such evils as we can at the present time and live in reasonable expectation that the amendments and reforms incorporated in this bill will be adopted by the several legislatures of Canada and that we proceed step by step to solve the problems of company organization which now confront us and thus secure those reforms which the conditions of commercial and industrial life in this country now render reasonably necessary. I trust the hon. gentleman will not press too far the suggestion which he has made.

Mr. HANSON (York-Sunbury): I find myself in great agreement with the ideals presented by the hon. member for Last Mountain (Mr. Butcher), but like the Secretary of State (Mr. Cahan) I have been able to visualize the difficulties which lie ahead before we arrive at that utopia which he and I would like to see brought about in this country. There is no doubt that grave abuses have grown up through the ingenuity, the brains and the ability of great lawyers and great financial men in this country, but I think the reading of the history of joint stock companies will indicate that the greatest evolution in company law has not developed in Canada. My reading indicates that England was the home of the joint stock company and that most of the evolution has come from that jurisdiction. Perhaps as much evolution in company law has occurred in the United States of America and Canada has naturally become engulfed in this evolution.

I think the Secretary of State has gone a very substantial distance in endeavouring to take care of some of the abuses which have developed in Canada. With the present bill we are taking a distinct step forward, but until there is an amendment to the British North America Act, until there is a community of interest between provincial and federal jurisdiction and we get uniformity in the laws of the country, I do not think we can develop the idea expressed by the hon. member except step by step, leading the way. I think it was a misfortune—that may be too strong a term to use, but I think it is a distinct disadvantage at all events—that the decisions of the courts of the country have given joint jurisdiction, or rather, I should say, that there is jurisdiction both federally and provincially in relation to companies. If there is one sphere of jurisprudence that should be centralized it is that in connection with the creation and the working of joint stock companies. Unfortunately the decisions of the law courts are against that theory; and unless we can, by conference, by agreement with the provinces, arrive at uniformity in legislation I do not think there is very much more that can be done at the moment in respect of the abuses, which are really well known in Canada, in relation to the issue of securities by joint stock companies.

I think that the Secretary of State, and any government that is in power in Canada in the years that are to follow, ought to use his and its best endeavours to induce the provinces to agree on uniform company law, since not one of them is willing to give up its jurisdiction over the subject matter. If that could be attained, by conference, by agreement, by good will, the investing public of Canada might be protected against being exploited as it has been in the past.

On the whole, I think the bill before the house is a distinct step forward, though only a step. I am supporting the provisions of the bill on that ground, as being a distinct advance in protecting the public even from themselves. I should like myself to see the whole system simplified. I must say I have been puzzled many times by the ingenuity of men in evolving the schemes that have been evolved for the issue of securities in Canada; I am being educated every year into something new. The general public, the layman, the ordinary investor cannot be expected to follow all that has been evolved in the last few years, especially in the last fifteen or twenty years; and until there is centralization of jurisdiction in Canada, or until there is agreement between provincial and federal jurisdiction, I fear that the federal government can only lead the way step by step.

The question of educating the public along this line is important. The government I think is doing good work in bringing down this bill. I regret it has not been able to persuade the provinces to follow suit. But in Canada we are rather jealous of our jurisdiction and the provincial governments are especially jealous of theirs. On general principles, one cannot find fault with them for that, and we can only express regret that there has not been agreement to support a bill which would be uniform throughout the whole country, and which would simplify the procedure and the evolution of company law in Canada and at the same time render a service to the investing public. Even if we could attain that ideal, however, we must not lose sight of the fact that, as the minister has said, Canada is only a small part of the

great commercial world. Nothing is easier than to go from this jurisdiction to a foreign jurisdiction to attain the powers that are being sought; and if we refuse them here that is exactly what happens. I suggest therefore that all that this parliament can do is to proceed step by step and try to do its best in an endeavour to bring the provinces into uniformity in the matter of legislation as time goes on.

Mr. RALSTON: As the Secretary of State will quite frankly admit, the weakness of this bill, from the point of view of the protection of the public, is in this, that while it imposes very serious prospectus provisions in respect of securities which are being marketed by the company itself, it does not go further and carry those provisions through when the stock of the company is being sold by a purchaser of that stock from the company.

Mr. HANSON (York-Sunbury): I understood from the remarks of the Secretary of State that the bill did cover that point.

Mr. CAHAN: Only in one particular. This bill deals with the issue of shares or securities by a company or by an underwriter on behalf of the company. After such shares are issued and are owned by shareholders who purchase them, the subsequent dealings between shareholders are not provided for in this bill because the prevailing opinion of the legal profession is, I think, that this parliament, except by its criminal legislation, has no jurisdiction with respect to such resales. During the last eighteen months, while debating this matter with various officers of the government, with representatives of the provinces and with leading counsel in the dominion, I have not heard a suggestion to the contrary. But in respect of criminal legislation we have introduced in this bill a provision which if it is intra vires, if it is sound criminal legislation, prescribes and penalizes attempts to sell securities by house to house canvass. Sales by such canvassers are made a criminal offence. We shall discuss that later on.

Mr. RALSTON: I thank the Secretary of State for that very clear statement. What I have said can be taken then as quite correct, namely, that the moment shares get beyond the control of the company, either directly or through a broker—someone disposing of them on behalf of the company—then the prospectus provisions cease to apply. That seems to me to be the weakness of the bill. As the Secretary of State has properly said, that weakness is there not because of any hesitancy on his part nor, I take it, on the part of this house to go as far as we can possibly go, within the ambit of the legislative jurisdiction of this parliament, to afford protection. I had almost the temerity to suggest, notwithstanding the Secretary of State's intimation that no one had suggested it before, that it is possible—I will put it no stronger than that—that it might be incidental to dominion company law to follow through the shares of a company, which had been incorporated by this parliament or under the authority of this parliament, and attach to those shares incidence which would impose a responsibility on those dealing with them, even though they had passed out of the hands of the company. That, I know, is a long shot and of course it means a privy council decision. But when I remember that even now the provisions in this Companies Act, which impose liabilities on directors for payment of dividends that impair capital, are being attacked in the courts and have as a matter of fact been held by the Court of Appeal of Ontario to be ultra vires, I realize what a difficult course we have to pursue. With all respect to the Supreme Court of Ontario, I should have thought that that was part of dominion company legislation which might very properly be said to be within federal jurisdiction—that is to say, the imposition of certain responsibilities upon the directors of companies which are incorporated under the authority of this parliament. It would seem to me that that might well be within dominion jurisdiction. Even that, however, has been held by the Court of Appeal of Ontario to be ultra vires. That leaves us with this situation that either we put into this bill something which pretty nearly everybody agrees is at least of very doubtful legislative validity or we take what appears to be a comparatively short step, as has been mentioned by the hon. member for York-Sunbury (Mr. Hanson), in the direction of trying to set an example and to indicate the objective which we all are seeking to attain.

As the Secretary of State has pointed out—and this weighs with me—if we should put into this bill something of that kind, something which would attempt to impose responsibility upon the subsequent owners of those shares right straight down the line so long as they are shares of a dominion company, then it is inevitable that the Secretary of State will not have very many applications for incorporation of companies until the provinces change their laws so as to bring them into line with our legislation. This would mean, it seems to me, that the Dominion Companies Act would be a dead letter and we have to decide really whether we will forego whatever

prestige and revenue may be involved in the incorporation of dominion companies for the sake at least of setting an example and say: We do not propose to countenance this sort of thing and intend to do all we can, that is in a legislative way, to prevent it. After a good deal of thought I agree with the Secretary of State in concluding that no practical purpose would be served in attempting to go this further step, first, because certainly it is doubtful from the point of view of jurisdiction, and, second, because of the fact that in respect of the handling of shares it would have no practical effect on the protection of the public since the public would not have an opportunity to buy shares in dominion companies because the companies would be incorporated by the provinces.

That brings us to what our alternatives are: first, to amend the act and to put into it this legislation which we think is of doubtful validity. Probably we can cast aside that alternative. The second is to attempt to secure agreement with the provinces and I agree that is still a long way off because, from the reports I have had of the conferences which were held and which I presume were at least semiprivate, we are not a great distance along the road of getting uniformity in letter although we may have uniformity in spirit. The provinces are not prepared to act as rubber stamps for dominion legislation and to enact the same laws as we put into force, but I hope, in view of the fact that we have in most of the provinces a Securities Frauds Prevention Act or something similar, the provinces themselves are coming or have come to the point of view we are endeavouring to express here and we may trust to see substantial advance made along the line not perhaps of uniformity in letter but of uniformity in spirit so that the public of each province may be protected by provincial laws against those who are operating in the provinces in dealing in stock. That is the second alternative. The first is to amend the act and we all admit that is impracticable. The second is so far as possible to secure agreement with the provinces at least in respect of the spirit of this legislation and to endeavour to get the provinces to legislate accordingly if they have not already done so.

The third is along the lines the Secretary of State has mentioned. I believe we could go further than he has mentioned with regard to criminal legislation and I am not sure that is not a solution at the present stage. I am not certain whether the criminal legislation should not go further than the section which is in the act and which I understand applies only to house to house canvasing, or whether we should not seriously consider putting not necessarily into the Dominion Companies Act but into the criminal code as part of the criminal law of Canada some more stringent provisions with respect to the selling of stock in any company, whether incorporated in England, Australia, Nova Scotia or the Dominion of Canada, I care not. There is an absolutely certain dominion field of jurisdiction which this parliament has which might be explored and used to advantage in connection with what we regard, at least in some cases, as a very serious abuse of the confidence the public put in those who sell stock. I invite the Secretary of State to consider that phase of the matter not so much in connection with this bill, because with all respect I do not believe in inserting criminal provisions in every piece of legislation we pass. I would rather see criminal legislation where it belongs, that is in the criminal code, and further consideration might well be given to the matter of drafting a section in the criminal code which would deal with at any rate the more flagrant cases of which all of us have had some knowledge or have heard some reports; such legislation might substantially benefit the public in regard to this particular matter.

While I am on my feet let me add to that: There is perhaps a tendency in these modern days for us to set up too many different pieces of machinery, boards, commissions, inquiries, and to utilize the Department of Secretary of State in connection with things which really belong to the recognized and existing tribunals, namely, the courts, which have been set up and established in this country for years. Everybody knows the procedure there; access to the courts is easy and there is an attorney general in each province for the purpose of enforcing the criminal law. We might use that machinery which is there now and supplement it with the appropriate provisions in the criminal code.

Mr. COOTE: I would like to congratulate the hon. member for Last Mountain (Mr. Butcher) on the suggestion he has made to the minister in regard to cutting down or limiting the number of kinds or classes of shares and securities which may be offered to the public by any company. There are far too many kinds and the public are certainly much confused and very often misled. I have heard of companies that had two and, I believe, even three classes of common shares, preferred shares debenture stock, bonds, and

in some cases two different classes of bonds. The ordinary man, when he buys a bond, thinks he is getting a first mortgage on the plant of the industrial corporation. That, however, does not always turn out to be the case. The highest priced lawyers in the land are paid by these corporations to devise new methods continually to baffle the investor and very often—and perhaps this is a strong term—to mislead the investing public. I think it is a great mistake to allow shares of no par value to be issued; all shares should carry a par value and the percentage of that par value which must be received by the company should be fixed in the Companies Act. That is, there should be a limit upon the amount of commission or brokerage which could be charged by those who sell the shares to the public; in other words, who float the company.

I would be willing to go and perhaps it is time to consider going even further than the hon. member for Last Mountain suggested. It would be indeed a good thing to require these companies to issue one class of securities. Let them finance themselves on one class of security; let them confine themselves to issuing par value shares of common stock so that every investor may take the same chance in the industry. Let every investor have an equal voice in the affairs of the company. Very often now two classes of common shares are issued, one class carrying all the voting power and quite often shares of the latter class are held by men who subscribed absolutely nothing for them; they got them as a gift for promoting the company. The result is that the people who put up the money take all the risk but have no voice in the management of the company. That situation should be corrected now that we are putting through a new companies act.

I noticed what the minister said about proceeding slowly, something to the effect that we cannot reform the business practices of the world by any legislation that we can pass here. That is true, and perhaps we cannot reform it entirely for Canada, but as far as this legislation is concerned I think we have tried long enough to reach some agreement with the provinces. Apparently we cannot get that by waiting. Any act we pass should be one that we consider a proper act. If those who wish to incorporate companies pass by the dominion government and go to the provinces to get their charters, the public will soon come to realize that if they want shares in a company that is properly inspected before its charter is granted they will prefer to invest in securities of companies with dominion incorporation.

Mr. BOWMAN: By that time they will have no money left.

Mr. COOTE: I remember this matter being debated in this house ten years ago, quite a lengthy debate, and from all sides great regret was expressed over the watering of stock and the swindling of the public that had gone on. In the succeeding ten years nothing has been done. We were told that we could not take any action because the companies would be incorporated by the provinces, they would do the dirty work. I thought at the time that we had better let the provinces have that dirty work if they wanted it. I think the time has come when we should pass a proper Companies Act here, and if we cannot get the provinces to come into accord let them assume the responsibility of giving charters to companies not properly organized. During the last ten years the swindling of the public has been, I suppose, three or four times as bad as it was before.

Mr. CAHAN: Will the hon. gentleman repeat that statement?

Mr. COOTE: I say that in the last ten years I think the public was swindled by stock promoters and stock jobbers out of a greater amount of money than in the ten years previous.

Mr. CAHAN: Not with respect to dominion companies.

Mr. COOTE: I do not know whether some of these companies were incorporated under provincial charters, but that process is going on. I suppose after a while the public might get educated into refusing to buy securities at all, but that is not a situation that we want to see develop. We want to see the public ready to put money into any worthy enterprise. But I think this parliament is not doing its duty if it does not see that its Companies Act is proper, whether the provinces wish to keep step or not. I am sorry if we cannot persuade the provinces to come into line, but for my part I would like to see the dominion do its duty in any event. There are many instances that could be brought before the committee of improper financing of companies, and the issuance of too many classes of securities, but perhaps it is not worth while detailing them at this time. But in connection with this particular section which deals with that I would suggest that the minister give more consideration to the proposal advanced by the hon. member for Last Mountain. I am not sure that I heard him correctly, it is difficult to hear at this end, but it seems to me that if com-

panies were allowed to issue one class of bonds, one class of preferred shares and one class of common stock, that should be enough. I do not see why they need to issue more than one class of common stock, or different classes of bonds. Certainly I think we should put a stop to the issuing of any class of common stock that carries all the voting power; those who put their money into the shares of these companies, whether they be class A or class B, should surely have the same voting power in regard to the management. I hope the minister will give further consideration to that suggestion, for it seems to me a very worthy one, and one that could perhaps be adopted without driving all the companies wishing incorporation to the provinces.

Mr. RALSTON: Might I give my hon. friend an example with regard to the issue of various classes of securities? I have in mind a reorganization which is now being headlined in the newspapers, that of Price Brothers in Quebec. There you have a situation in which there are outstanding first mortgage bonds; the proposal is that first mortgage bonds shall be issued again to the holders of those bonds. You have also people who are putting in new money, you have to have some class of security to represent that new money, and the proposal is that it shall be debentures. Next you have those who are creditors of the company at the present time, unsecured creditors, what are you going to do with them? You cannot give them the same class of security as any I have previously mentioned. Certificates of indebtedness are being issued to them. Next you have the preferred shareholders; to them preferred shares are being issued, and to the common shareholders common shares are being issued. So there you have five classes of securities issued to perfectly reputable classes of security holders, all of whom have interests in the company and have put in cash to the extent of millions of dollars. My hon. friend will not say that is a case in which the right to issue different classes of securities to represent appropriately money already put into the company should be denied.

Mr. CAHAN: In my experience during the last four years it is only in cases of such reorganizations, which usually are subject to approval by the court, that these many different classes of shares have been issued by the one company. They are issued for the sole purpose of recognizing and reconciling the differences of divergent interests in the undertaking.

Mr. HANSON (York-Sunbury): I agree with what the hon. member for Shelburne-Yarmouth (Mr. Ralston) has said as to the necessity for different classes of securities in case of reorganization of a company. As he suggests, that is a perfectly legitimate transaction. The evil is not there. The evil arises in the case of incorporation of new companies and the expansion of presently existing companies, in their efforts to finance and get new money. But the greatest evil that has arisen in this country has been the mad effort on the part of promoters and exploiters and investment banking houses to get hold of legitimate family businesses, yoke them up with other family businesses and unload them on the public, and themselves be rewarded for so doing. There is where business itself in Canada has been greatly injured. If we can do something to prevent that, either by amendment to the criminal code, making it more stringent, or by some other method within the constitutional purview of the parliament of Canada, I am all for it.

Mr. BUTCHER: I was quite aware when I made my suggestion that I would appear very unsophisticated, but at the same time I still feel that we should do something to restrict the numbers and kinds of securities that companies are permitted to offer. I am very pleased indeed with the sympathetic consideration that has been given to my suggestion by some hon. members, including the Secretary of State (Mr. Cahan). I am entirely in agreement with his statement that considerable business will be lost to the dominion if my suggestions are accepted, but I believe with other hon. members that it would be better for the Dominion of Canada in its Companies Act to set a good example than to continue to get business by not doing so. I also believe that it is scarcely true that the provinces are less careful than the dominion. The provinces themselves, I believe, in many cases say quite the contrary. I remember one particular case, that of the securities offered by the O. J. Brooks companies some years ago. I remember in the province of Saskatchewan an effort was made by the local government board to prevent the sale of those securities. It was found that they could not prevent the sale because the company had dominion incorporation, and the province therefore could not restrict the sale of shares within its borders. I am very much impressed at this time by the absolute necessity of conceiving the very best Companies Act that can be conceived. There is not the slightest doubt that the corporate system is growing. A few

years ago men worked individually; then they worked in partnership, then a simpler form of joint stock company was formed, and then the very loosely formed association, the corporation of to-day, came into existence.

Reading recently from the book entitled The Modern Corporation and Private Property, by Berle and Means, I was quite startled by the exceedingly rapid growth of the corporate system in the United States. I believe I would not be wasting the time of the house if I were to quote some statistics. It is not my purpose to prove that the same thing is going on in Canada, although we know that to a lesser extent it is. I am making the reference to show that if ever there was a time in the history of Canada when it was important to evolve the very best company law, this is the time. As we are meeting on common ground to-day, and in a non-partisan spirit, I believe the house will excuse me if I give expression to some further views, which may be regarded as even more unsophisticated than those I have already given.

I shall not quote from Berle and Means' book, but shall give some statistics I have culled from it. In the year 1800 there were only 335 profit seeking corporations in the United States. Of these, 219 were turnpike, bridge and canal companies; 36 were furnishing water, fire protection or dock facilities; 67 were banks or insurance companies, and only 6 were engaged in the manufacturing industry. The remaining 7 were not classified. In 1842, less than one hundred years ago, the stock of one of the largest corporations in the United States was owned by 390 people. In 1899 the United States census reported that 66·7 per cent of all manufactured products made in the United States were made by corporations. In 1919, twenty years later, 87 per cent of all manufactured products were made by corporations, and in 1933, last year, it is estimated that 94 per cent were made by corporations.

In 1899 it was estimated that 65 per cent of the wage earners were in the employ of manufacturing corporations. In 1929, it was estimated that 92 per cent were so employed. Between 1905 and 1925 it was estimated that the percentage of total wholesale sales made by corporations was increased from 30 per cent to 40 per cent, and in retail sales from 15 per cent to 30 per cent. Phenomenal strides have been taken since. We are informed that in 1929 there were 300,000 non-financial corporations in the United States, and that 200 of the largest, or less than seven-hundredths per cent of them, owned practically one-half of the combined corporate wealth. Of the 300,000 non-financial corporate institutions, 200 actually owned 42·9 per cent of the total wealth. The total assets of these 200 largest non-banking corporations amounted in 1909 to $26,000,000,000. Ten years later, in 1919, it had increased to $43,700,000,000, and ten years later, in 1929, it had increased to $81,100,000,000. I shall repeat those figures. In twenty years the total wealth of the 200 corporations had inccreased from $26,000,000,000 to $81,100,000,000.

A few moments ago I referred to one of the largest companies in the United States in the year 1800. At that time there were only 390 shareholders in that company. At this date there is a company in the United States with assets aproaching $5,000,000,000, or an amount equalling approximately twice the national debt of Canada or the total wealth of thirteen states of the union. That company employs 450,000 persons, and had 567,694 shareholders as of December 31, 1930.

At the beginning of 1930, 42 railroads, 52 public utilities corporations and 106 industrials owned total assets amounting to $81,074,000,000. These same 200 corporations —and in my opinion these are staggering figures—owned 49·2 per cent of the total corporate wealth of the United States, 38 per cent of all business wealth other than banking, and 22 per cent of the total wealth of the whole country. When one remembers the value of land, and remembers also that that is only to a very small extent owned by corporations one can see what tremendous strides have been made in the acquisition of wealth by corporations. I shall quote the following paragraph from page 41 of the book:

> The trend of the recent past indicates, however, that the great corporation, already of tremendous importance to-day, will become increasingly important in the future.
>
> The conclusion is still further confirmed when we examine the ways in which the growth of the large companies takes place, and compare their growth by each method with that of other companies. A given corporation can increase the wealth under its control in three major ways: By reinvesting its savings, by raising new capital through the sale of securities in the public market,—

And that is what we are particularly interested in to-day.

> —and by acquiring control of other corporations by either purchase or exchange of securities. While there are numerous other ways, these three so far outweigh other methods that they alone need to be considered.

And at another point it is stated:

Just what does this rapid growth of the big companies promise for the future? Let us project the trend of the growth of recent years. If the wealth of the large corporations and that of all corporations should each continue to increase for the next twenty years at its average annual rate for the twenty years from 1909 to 1929, 70 per cent of all corporate activity would be carried on by 200 corporations by 1950. If the more rapid rates of growth from 1924 to 1929 were maintained for the next twenty years 85 per cent of corporate wealth would be held by 200 large units. It would take only forty years at the 1909-1929 rate or only thirty years at the 1924-1929 rate for all corporate activity and practically all industrial activity to be absorbed by 200 giant companies. If the indicated growth of the large corporations and of the national wealth were to be effective from now until 1950, half of the national wealth would be under the control of big companies at the end of that period.

Later on in the book Berle and Means say that this immense wealth is controlled by 2,000 individuals, or directors, but of those 2,000 directors only a comparatively small number actually direct.

Under these circumstances it seems to me that while these conditions do not exist in Canada to-day, yet there is the growing tendency for corporations to replace individuals and partnerships, and therefore I think that one needs no justification for urging that the very best that can possibly be done should be done by the dominion in this matter. I give the Secretary of State credit for trying to do it, and I believe most hon. members at this time are trying to make helpful suggestions.

Mr. CAHAN: In reply to the hon. member for York-Sunbury (Mr. Hanson), I wish to say simply that in my experience these diversified securities are not issued by the one company, except in respect of readjustments of capital by compromises which heretofore have been under the sanction of the court and compromises which now may be made under the legislation which I introduced only a short time ago, namely the Companies' Creditors Arrangement Act, 1933.

I have exercised with very great care I think the direction of the companies branch of the department of the Secretary of State, and in only two or three cases at the utmost—I think it is only two—in four years has the matter of the fraudulent sale of company's securities which has been brought to my notice been the sale of the securities of a dominion company, yet in the readjustments which have taken place in the last four years compromises have been necessary as between companies and creditors, and in respect of those compromise arrangements which have come before me I have thought that the best interests of all the shareholders concerned would best be conserved by the secured creditors taking preferential shares, and the unsecured creditors taking another class of shares not so well secured. The creditors of the company which was in financial difficulty would thus be induced to come in and participate as owners of the stock of the company in order that the debts and liabilities outstanding, very burdensome and so very onerous as would necessarily result in financial disaster, should be removed and that there should be an increase of capital and an increased issue of stock, resulting in an increase in the net assets of the company by the discharge of the secured liabilities outstanding.

The last four years have proved to my mind conclusively that every effort should be made to induce those who are making investments in company undertakings to make their investments in one kind of stock or the other, because when liabilities in the form of bond issue after bond issue are incurred, the company in days of prosperity may be able to carry all its liabilities, but when sudden stress and strain comes there is only disaster awaiting, a disaster which in many cases could and would be avoided if instead of investors in the company being bondholders they were shareholders participating as partners in the entire enterprise.

As to the suggestion that new criminal code provisions be imposed by parliament, I have brought that to the attention of the Department of Justice, and I think it was two years ago, possibly three, that the Minister of Justice introduced an amendment to the criminal code which I think has been more or less efficacious. It is quite possible that the criminal code may be extended and applied to suppress new evils as they arise, but at the present time I think that every province except one has in operation a security act, sometimes known as the "blue sky law" which applies to the sale of shares from one individual to another. Before proceeding very much further in extending the criminal code I think we must ascertain whether these provincial laws will operate effectively or not. The provincial governments have had an interprovincial conference of their own, and recently at Toronto they had another meeting. I understand that they are proposing quite radical amendments to their laws in order to remedy the evils of which complaint is made, and we are waiting to see what may be done in that direction by provincial authorities before extending our own criminal code and creating new crimes.

We are doing the very best we can, I am confident of that, and as I said at the outset we cannot reform all the existing evils by one piece of legislation. As we have done the best we could in preparing this bill I should like to have it adopted as a consolidation and improvement of existing laws in order that we may ascertain within the next year or so just how effectively it may be applied. So far as the present government is concerned we are just as anxious to wipe out the evils of which hon. gentlemen complain as are those who make the complaints. But when dealing day by day with these companies with their difficulties and readjustments we should take a broader view. We must not make it impossible for companies to operate successfully. We must not impose such penalties upon directors as will make it impossible for any man of sane, sound business judgment to accept the position of director. Therefore I am somewhat anxious that we should not go as far as was proposed yesterday with regard to making individual directors personally liable for the accounts of the company. We have large companies operating in Canada. Think of one of our large railway companies, for instance. Suppose the man who is going to assume office as a director of that railway company is faced with the fact that he becomes personally liable for a year's wages to a large number of the employees of the company. If directors have to face these contingent liabilities how can you expect any man of sound, sane business judgment to accept a directorship and assume personally these large corporate liabilities in view of their personal obligations to their families and to others? So when hon. gentlemen are discussing the subsequent provisions of this bill I trust that they will still keep their attention upon the end to be achieved and regard this measure as simply a sincere and honest and intelligent effort to reach that end, fully realizing that the proposed act will not wipe out all the evils of which hon. gentlemen complain.

Mr. BUTCHER: I wish to move an amendment, Mr. Chairman, to subsection 3 of section 12. I know this amendment will not meet with the approval of the Secretary of State or probably of many of my hon. friends on this side, but I am going to move it because I believe it would be a good plan to delete this particular subsection.

Mr. CAHAN: So that we may not be confused, the amendment proposed by the hon. member is to subsection 3 of section 12, and that will come before the amendment I have proposed.

[Mr. Cahan.]

Mr. BOTHWELL: May I suggest that we pass subsection 1? It has been discussed and there are no further comments to be made.

Subsection 1 agreed to.

Subsection 2 agreed to.

On subsection 3—Shares without par value.

Mr. BUTCHER: This subsection reads:

> All or any part of the authorized capital of a company, except shares having priority as to capital or being subject to redemption, may consist of shares without nominal or par value.

As I said just now, this amendment may not meet with general approval but I cannot see why shares of no par value are necessary. I know it is customary on the north American continent to issue such shares, but there are older and perhaps in some matters wiser jurisdictions under which such shares are not now issued. When Great Britain was considering the revision of its companies law in 1930 or 1931 the question was raised as to whether shares of no par value were advisable or necessary, and it was decided that they were not, I know that if we should delete this particular subsection and not permit shares of no par value to be issued in Canada we would be doing something unusual on the north American continent. But we have done other unusual things and I believe it would be wise to do an unusual thing in this instance. I have just been reading a book dealing with company law written by F. W. Wegenast, K.C. This book is well known to lawyers, and it is evident that the author does not like shares of no par value. At page 453 he refers to what he considers the inadvisability of issuing shares of no par value. He then tries to anticipate some of the reasons which may be given by the proponents of this type of share. At page 454 he states:

> It is said that a no par share instead of representing an interest measured by a money value, represents a proportional or fractional, or aliquot part of the net value of the company.
>
> It is claimed that the scheme is calculated to provide for the issue of the shares at their actual instead of a theoretical or fictitious value.
>
> It is said that the scheme by putting the company's accounts on the basis of an actual instead of a fictitious value is calculated to prevent the practice of stock watering.
>
> It is said that the scheme is calculated to prevent the issue of shares at a discount.

Mr. Wegenast comments upon the possible objections to the discontinuance of this class of share. He states that there is always doubt and mystification as to how much the

shares are supposed to represent, in other words, what those who hold them are supposed to have paid for them or are liable to pay for them. At page 457 he states:

It would seem that the scheme of no par shares has made it, if not legally, at least practically, easier for promoters to obtain, or to retain, for themselves, the common stock of the company at the expense of inexperienced investors, for little or no substantial consideration. This is the one item with which an experienced investor concerns himself, because it almost invariably represents the voting control of the company. Inexperienced investors are likely to concern themselves less over an issue, to a promoter, of say 10,000 shares of no par value, than if the issue were 10,000 shares of $100 each, although the voting power and the right to profits represented in each case may be the same. And it was no doubt in the minds of those who propagated the scheme that the courts would probably feel less concerned about the consideration for no par stock than for ordinary stock with a par value.

I could not express myself with regard to this particular class of share in a more emphatic or more concise manner than Mr. Wegenast has in the passage I have just quoted. For these reasons, Mr. Chairman, I move the amendment which is now in your hands.

Mr. CAHAN: The amendment proposed by the hon. gentleman would preclude the issuing of shares of no par value. This bill has gone a long way. It provides that hereafter there shall be no par value shares which are preferred as to capital. This bill provides that hereafter all shares preferred as to capital, either by way of repurchase or redemption of shares or return of capital in winding up, must have a fixed value. This is going a long way, and against protests from the business community. Since I have been Secretary of State, except in cases of reorganization where one must concern himself with the compromise of diverse and divergent interests of shareholders and creditors, I have not allowed letters patent to issue which would create shares of no par value preferred as to capital. However, I am convinced that a great deal might be said in support of ordinary shares of no par value. The hon. gentleman referred to the English act, but the English system is different from ours. For a quarter of a century we have been crying out against the issuance of shares at a discount, but in England such shares are permitted to be issued. Although their shares may have a par value of £100 or £20, there is no implication that £100 or £20 was in fact paid for the shares. It is true that shares of no par value are not issued in England, but in the committee referred to by the hon. member for Last Mountain (Mr. Butcher) which voted against that innovation, there was a very intelligent majority which took the opposite view. In England they are allowed to issue shilling shares or shares of any value they like. So that the one shilling or two shilling or five shilling share takes the place to a very large extent of the no par value share in Canada. As to no par value shares, this parliament deliberately, in 1924 I think it was—

Mr. GEARY: 1926.

Mr. CAHAN: —authorized no par value shares. It was a government measure introduced after a long study by a committee under the chairmanship, I believe, of the late Under Secretary of State, Mr. Mulvey, K.C., who published a report in relation thereto and I may say that in that report he set forth in very great detail the differences of opinion existing with regard to no par value shares, and then presented very cogent and convincing arguments in favour of the creation of such shares under the authority of the Companies Act of Canada.

I was not then a member of parliament but I was interested as a lawyer advising a number of companies, and I will suggest the argument that convinced me at the time that he was right. I had been incorporating company after company which entered upon large construction enterprises, either industrial, hydro electric or electrical enterprises, in various parts of the world. It would have been impossible to carry out a single one of those enterprises, under the system which then prevailed, by the issue of common and preferred shares. As to preferred shares, the dividends could not be paid out of capital, and as to common shares, there were no income available. The promoter—and there are promoters and promotions that are commendable—was forced in such a case to tell the investing public, "You can hope for no return upon your capital for the next three or four or five or six or seven years, according to the duration of the construction contemplated by the company."

When I was called in for advice, I advised them to make a small capital issue, which gave control of the company, it is true, but to carry on their construction by the issue of bonds secured upon all the capital assets of the company—with what result? They would make a bond issue of five or ten million dollars as the case might be and the proceeds of the sale of that issue of bonds were used to carry out the construction work. The proceeds of the bonds could lawfully, under either English

law, American law or Canadian law, be used in part to pay the interest on the bonds during construction, and that interest, which was really a part of the cost of construction, was charged up as part of the expenditure for construction. But investors were induced to take the bonds, to pay for them at par, knowing that there would be no income available for that company for a term of years, knowing that for a term of years the money which they paid in to the treasury of the company would be used in part to repay to them the annual interest accruing upon the bonds which they had purchased.

One evil in connection with the carrying out of such enterprises as those I have mentioned was that they began by creating a large capital indebtedness; and with the experience I have had during the last four years in this office, after examining with care reconstruction scheme after reconstruction scheme brought in to me for approval, I am of the opinion that the real evil of our present company organization and management is the creation of large and oppressive capital indebtedness, which a company may carry in times of ordinary prosperity but which it cannot carry in the years of depression such as those we have endured since this government came into office. That was apparent years ago, and parliament then decided that no par value shares should be authorized, and that a company issuing no par value shares could receive from the shareholders a certain sum of money, say, $50 a share, for the no par value shares, and that, with the consent of the shareholders, there could be set aside a certain portion of the $50 paid in as distributable surplus to provide a certain definite income to the holders of the no par value shares during such periods of construction as those I have suggested.

One result of that measure, which was passed by a previous parliament, has been that in organizing various large enterprises that scheme has been carried out, and the proceeds of the no par value shares have in part been set aside as a distributable reserve. And those reserves, to my knowledge, have carried company after company through these four years of depression, so that to-day a number of them are again entering a period of more secure prosperity; whereas, if they had resorted to the old method of obtaining capital funds by issuing bonds or debentures, secured or otherwise, such as I have indicated, they would have created a capital indebtedness which would have crushed them down during the last four years.

After making an exhaustive study of this no par value share aspect of the matter, we thought that we would preclude the issue of no par value shares having a preference as to capital and would continue the no par value ordinary or common share.

Mr. BOTHWELL: Would it not be possible, in the case the minister cites, under by-laws of the company or under the authority of the court, to issue shares with a par value, sold at a discount? Suppose the original shares were $100; could they not say, "Now you want to sell a share, equal to the $100, to be sold at the price of $50." In order to carry the company through if they want to issue more stock, would it not be possible to do that and to let the public know what they are getting instead of issuing a no par value share but really a fifty dollar share in comparison with the hundred dollar one?

Mr. CAHAN: The hon. member has suggested the alternative, but I think if in 1926 the then government under the leadership of the present leader of the opposition (Mr. Mackenzie King) as a government measure had introduced into this house a new companies act authorizing the sale of shares at a discount, I do not believe, even though a government measure, it would have been sustained in the house. We have to deal with the prejudice of the public which until to-day has been against issuing par value shares at a discount. When this measure was introduced into parliament, it followed a report on the matter prepared for Mr. Taft, then President of the United States, by a committee or commission presided over by Arthur T. Hadley, president of Yale university. That commission was regarded as being equipped by intelligence and experience to make a profound study of the whole question and to make a report. I am discussing this from the point of view not of throwing blame upon any previous parliament, but of considering what parliament then had before it. This is the report of that commission:

> We do not believe that the retention of the hundred-dollar mark, or any other dollar-mark, upon the face of the share of stock, is of essential importance. We are ready to recommend that the law should encourage the creation of companies whose shares have no par value, and permit existing companies to change their stock into shares without par value whenever their convenience requires it. After such conversion any new shares could be sold at such price as was deemed desirable by the board of directors, with the requirement of publicity as to the proceeds of the sale of such shares and as to the disposition thereof; giving to the old shareholders, except in some cases

of reorganization or consolidation, prior rights to subscribe pro rata, if they so desired in proportion to the amount of their holdings.

As between the two alternatives of permitting the issue of stock below par, or authorizing the creation of shares without par value, the latter seems to this commission the preferable one. It is true that it will be less easy to introduce than the other, because it is less in accord with existing business habits and usages; but it has the cardinal merit of accuracy. It makes no claims that the share thus issued is anything more than a participation certificate.

The objections to the creation of shares without par value are two in number: first, that their issue will permit inflation, by making it easy to create an excessive number of shares; and, second, that it will produce a division of—

On this phase of the matter, the commission was dealing with railroads and it uses the word "roads":

—roads into two classes, those whose shares have a par value and those whose shares have not. The second of these objections does not appear to be a very serious one. There are listed on the stock exchanges to-day, side by side with one another, shares of the par value of one hundred dollars, shares of the par value of fifty dollars, shares with very much smaller par value, and a few, like the Great Northern Ore certificates, with no par value at all. The share sells in each case simply for what the public supposes it to be worth as a share.

It was that report, I think, that had a great influence upon the decision of the house at that time.

To-day there are hundreds of companies with shares of no par value outstanding. Every province authorizes the issue of shares of no par value, either preferred or common, but we in practice have precluded the issue of shares, preferred as to capital, of no par value, and I think that has had a very salutary effect. Hereafter, if a man buys a share of fixed value which is preferred as to capital and which is liable to redemption he knows that at the end of the redemption period he will receive the one hundred dollars par value of that preferred stock; or in case of winding up he will receive proportionately with other preferred shareholders dollar for dollar up to one hundred dollars per share. I think that policy should be maintained and as a step in that direction we are precluding by this measure hundreds and hundreds of companies that now have shares of no par value from making additional issues of such shares, preferred as to capital. We are doing that as an experiment with a view to ascertaining how it will likely work out, but I think that is as far as parliament should go at the present time. There seems to be a good deal of misapprehension in this respect. I notice an article in the Canadian Bar Review dealing with this very question and I might read a short extract:

As a general rule, a company cannot issue its shares for less than their par value, so that the company is supposed to have received on the issuance of its shares a sum of money equivalent to their par value.

That applies to companies generally. It does not apply to English companies under the present English Companies Act under which shares are allowed to be issued at a discount.

This is only actually true in the simple case where the shares of the company are paid for in cash. Where the shares are issued for a consideration other than cash as is most often the case, the rule holds good only in theory, for the actual value of assets acquired is usually a matter of estimation only and may be less or more than the par value of the shares issued therefor. Even where par value has any significance at the outset, it does not necessarily continue to bear any close relation to the market value of the shares, which will depend on different and variable factors, such as earnings, increase or decrease in capital assets, management and other matters affecting the company. As a share of stock, from the point of view of the shareholder, represents a proportional fractional interest in the assets and earnings and control of the company, it is considered to be more logical to state the capital stock of the company in such a way that the actual value of every share has to be ascertained without reference to any arbitrary or theoretical value assigned to shares such as is inherent in shares having par value. This is accomplished by expressing the capital of the company as a specified number of shares without any nominal or par value and having each share certificate state only the number of shares which it represents and the number of shares which the company is authorized to issue. Thus, if there are 100,000 no par shares authorized all of which have been issued, a certificate for 1,000 shares represents a one-hundredth interest in the aggregate equity for shareholders; if only 50,000 shares have been issued, a certificate for 1,000 shares would represent a one-fiftieth interest and so on.

Then it goes on to discuss the matter pro and con. I would like to say that we have gone quite a long way in the face of the opposition of a great number of companies which are financed on the basis of issuing shares, preferred and ordinary, of no par value. When this bill is passed no additional shares can be issued preferred as to capital. I suggest to hon. gentlemen that we try this experiment. We cannot wipe out all the evils associated with company promotion at once, but I think a really sincere effort has been made in this bill to go to the full extent that is possible under existing conditions, when

nine other legislatures in this country are permitting the issue of no par value stock, both preferred and common.

Mr. BOTHWELL: We appreciate the explanation given by the Secretary of State in this connection. Possibly a further explanation may help solve the difficulties in the minds of some of us. However, I am anticipating what I was going to say. I think it was unfortunate that when the Companies Act was passed back in 1924 the issue of no par value shares was permitted. If I am correctly informed it was the Dominion Companies Act that led the way in Canada in permitting the issue of no par value stock, and that lead was followed later by the provinces. However, it is apparent that in this bill an effort has been made to remedy some of the evils that we believe have arisen out of that practice.

In dealing with the next subsection, I want to mention also section 45, in order to understand just what is meant by those sections. The explanation given opposite subsection 4 is:

> The new subsections are designed clearly to define what is capital in the case of a company having shares without par value. This is essential for the purposes of the balance sheet and for the purposes of a reduction of capital under sections 49 and following of the bill.

Now subsection 4, dealing with no par value stock, says:

> Where the authorized capital of a company consists, in whole or in part, of shares without nominal or par value the paid up capital of the company shall, with respect to those shares, be an amount equal to the aggregate amount of the consideration received by the company for such of those shares as are issued, exclusive ...

Then coming to section 45, dealing with the liability of shareholders, it says:

> (2) The liability of a shareholder in respect of any share held by him in the company, in respect of which he is liable as a shareholder, shall be limited:
> (a) in the case of a share with nominal or par value, to the amount unpaid thereon;
> (b) in the case of a share without nominal par value to the amount of the consideration for which the share was issued by the company which is unpaid thereon.

What I would like to know, and have been unable to find out from this bill is this. Will the minister or the Under Secretary of State, in connection with the issue of a charter to a company that is issuing shares of no par value, have knowledge of the value of the no par value shares, the price at which they are being sold to the public; and will the liability of the shareholder under that section 45 at any time be fixed? How will the public ever get any information under this act as to how much a shareholder is liable for who holds shares of no par value?

Mr. CAHAN: The hon. gentleman may not obtain information as to whether one particular individual has not paid up, except by examination of the books of the company. But by the annual return which we insist on receiving from these companies, which is kept in the Department of the Secretary of State, and of which we freely give copies to every applicant, it can be seen with respect to every company that issues no par value shares the number of shares issued, the price at which they were issued and the amount paid up thereon, the deficiency being the amount for which the shareholders are liable.

Mr. BOTHWELL: But at the time of incorporation there is no information of that kind given the department, it only comes in the annual return?

Mr. CAHAN: Quite so. The fact is that before its incorporation the company is not in a position to give that information. When the company is incorporated we know that it is empowered to issue, say, 10,000 shares of no par value. Then the company sells those shares at a certain price, and the proceeds enter into and become part of the assets of the company. Then if the subscription price is not paid up in full there must be shown on the books and in the returns the unpaid liability of the shareholders, exactly as in the case of par value shares.

Mr. BUTCHER: The minister rightly says that shares may not be sold at a discount. But is it not a fact that the same end may be achieved by the directors by resolution varying the price of shares from time to time? Does not that have precisely the same effect in certain cases as selling shares at a discount?

Mr. CAHAN: In practice I would state that all sorts of shares are sold at a discount. Supposing a company puts out one thousand shares of $100 each, making a capital of $100,000. These are shares with a fixed value. But suppose the company loses money or gets into difficulty or requires new capital; it applies to the Secretary of State to reduce its capital. It may reduce it by cancelling one share in four or five, but the usual case is to reduce the par value, say from $100 to $80, and then to issue the new shares as $80 shares, so that all will participate equally to that extent. That is the practice that has

prevailed ever since we have had a Companies Act in which a fixed par value was insisted upon. Suppose no par value shares are issued at say $40, and the company has lost certain of its assets and requires new money, the company may issue further no par value shares at a price of $30, ranking in respect of dividends pari passu with the shares of the first issue sold at $40. No company can live in times of reverse and strain unless it has some such way of raising new capital. If a director uses that means in order to defraud a company or to obtain any benefit for himself, he is guilty of malfeasance and is personally liable. But if the company issues those shares in good faith for the purpose of obtaining new capital to carry on the enterprise in days of stress and strain, then it seems to me perfectly commendable.

Mr. BUTCHER: But in the first case to which the Secretary of State referred, namely that in which the par value share is to be sold at less than par value, the authority of the Secretary of State must first be obtained, whereas in the case of the no par value share the price may be varied from time to time by resolution of the directors. Is that correct?

Mr. CAHAN: I think it is usually by resolution of the directors if, in the first instance, the directors are so empowered by the shareholders by by-law or otherwise. But if a company applies to the Secretary of State to reduce its capital, what shall he do? Perhaps I may take a hypothetical case, so as to give a clear view of the matter. I ask the company to present to me a balance sheet down to the date or within a month of the date of the application. Such balance sheet must first be certified by the auditors of the company and must be sworn to as being correct by the officers of the company having control of the books and accounts. Then I examine first to ascertain if there are creditors outstanding. If I find that there are creditors outstanding I demand a further detailed statement as to those creditors, and unless a waiver from each creditor of any substantial amount is filed, I give notice to all the creditors in order that they may come in and make their complaints against any such reduction. But when once I ascertain from the statements returned to the department that there has been a loss of capital I would not hesitate in every case to grant supplementary letters patent merely to confirm that actual reduction in capital. No officer in the department can undertake to place his judgment against the judgment of a director of a company, substantiated by an auditor's return, and an appraisal duly certificated and sworn to, and in such case I have not interfered.

Mr. BUTCHER: Before closing my remarks on the amendment, with the permission of the committee I should like to quote from the manuscript I have in hand. It may be within the memory of hon. members that a few months ago a series of articles appeared in the Financial Post under the pen of Mr. F. W. Wegenast, and I wrote him asking for the dates of those articles. In reply he very kindly sent me the original manuscript from which the articles had been taken. With regard to the no par value shares he says this:

> Stock-watering means pretending in one form or another that more capital was put into a company than actually was put in. The remedy obviously is to stop the pretence—to state the facts. From this standpoint the invention of so-called no par scheme was no doubt a retrograde step; but in fairness it should be pointed out that the argument in support of the scheme was that it removed the delusion that the par value of stock really represented something. The answer of course is that perhaps the law should have made the delusion a reality rather than remove it.

I believe the Secretary of State agrees with that. Then, the manuscript continues:

> The reality at which the law aimed was that a stock certificate for one hundred dollars should mean that one hundred dollars had been originally invested. It was never supposed that in time the value might not be less or more than one hundred dollars. Under the no par scheme the shareholder is at sea, not only as to present amount but also as to the original amount of the capital represented by his certificate. True, he can go to the balance sheet, but the balance sheet is more, rather than less, confusing than it was before. The first step in prevention of stock-watering may therefore be to abolish the no par scheme—

Mr. CAHAN: Or to insist upon a proper balance sheet being presented, as I do insist.

Mr. BUTCHER: Yes, quite so—

> —or perhaps, without in terms abolishing it, make provision for having the stock certificate show on its face the original amount of the capital represented by the share, or fraction, which the shareholder holds.

Mr. CAHAN: Would the hon. member allow an interruption? That very fact would lead, I believe in all sincerity, to the grossest fraud, because if you were to place upon the certificate the value of the assets represented by it at any one date, under the conditions which have prevailed in the last four years the real value, a month hence or a year thereafter would not be the value

placed upon the certificate. Therefore it would lead to more misrepresentations than exist under present conditions. That is my answer to the argument.

Mr. EULER: Would that not be true of any of the securities issued by the company—the value of, say, preferred stock certificates for $100 or $1,000?

Mr. CAHAN: It is not printed as being the value of the assets on that date. I have had the point before me and have argued it for days within the last three months. The hon .gentleman is suggesting that you place upon the certificate what the value of the aliquot proportion of the assets would be at the time the certificate was issued, a different thing from saying that this share is issued with a fixed par value of $100. The very fact the par value is represented on the certificate, which my hon. friend mentions, indicates, as everybody knows, that although $100 is paid for it, yet that $100 on the certificate does not represent and does not purport to represent the aliquot portion of the assets of the company behind it.

Mr. EULER: The small investor does not always know.

Mr. CAHAN: I think that is quite true. We are now dealing with the psychological side of the matter.

Mr. BUTCHER: With your permission, Mr. Chairman, I shall continue the quotation.

The plan of having the directors fix the issue price of the stock could be maintained, but provision could be made for a form of certificate which would set out the amount of capital which the stock originally represented. If it should be objected that this would complicate matters if stock was afterwards issued for a different price the answer would be that that was all the more reason why the facts should be published.

Mr. CAHAN: All I can say is that when we get down to the question of annual returns if the hon. member can suggest any amendments which will give more clear and specific information to shareholders than that which we are insisting upon, I shall give very favourable consideration to his suggestions.

Amendment negatived on division.

Subsection (3) of section 12 agreed to.

Subsection (4), (5) and (6) agreed to.

On subsection (7)—Shares to be allotted at price fixed by board or letters-patent.

Mr. CAHAN: There is an amendment proposed and printed in connection with this subsection. The subsection stood, in consequence. I would ask the hon. gentleman to allow this amendment to pass on division. It has been fully discussed.

Mr. BOTHWELL: There is just one question in connection with subsection 7 and 9, with regard to the distributable surplus. It rather seems to me that unless a company sells its stock at a premium there should not be immediately upon the organization of a company a distributable surplus or a sum of money that could be set aside as a distributable surplus. I am not sufficiently conversant with the actual practice of company law to know just what the reason is for that particular distributable surplus. I could understand it if the stock was sold at a premium.

Mr. CAHAN: I tried to explain it before in the course of the previous discussion. If the shares are sold at $50, and $40 is set aside as the capital and $10 set aside as a surplus which will not be deemed capital, then if the company paid dividends or otherwise distributed that surplus of $10 the directors would not be individually liable for any illegal reduction of capital, but the $40 would appear in all the returns as being capital and the $10 would appear in the returns as being a sum which was not fixed capital but was a surplus that could be distributed in extraordinary times without reduction of capital.

Amendment agreed to, on division.

Section as amended agreed to.

On section 8—Conditions precedent to issuing of letters patent to be established.

Mr. CAHAN: The hon. member for York-Sunbury (Mr. Hanson) suggested that notice should be given before the Secretary of State exercises any arbitrary authority under subsection 4 of section 8. Although the practice and regulations of the department insist that there shall be notice I accept the suggestion of the hon. member for York-Sunbury, and perhaps he will move the amendment which I drafted providing for notice.

Mr. HANSON (York-Sunbury): I move, Mr. Chairman, that subsection 4 of section 8 be struck out and the following substituted therefor:

The Secretary of State, after giving reasonable notice to the applicants, or to their authorized representative or agent, may give to the company a corporate name different from that proposed by the applicants in any case in which the proposed name is deemed by the Secretary of State to be objectionable.

Mr. CAHAN: I accept that amendment, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 14—Incidental and ancillary powers.

Mr. BUTCHER: I was going to ask the Secretary of State whether this whole section is not unnecessary. Is it not a fact that any company incorporated under letters patent has all the rights of a natural person except those that are withheld?

Mr. CAHAN: Except where otherwise noted these are simply a transcript of the powers which are provided by special statute at present. The sole object is this: In granting a charter now, instead of writing out all these subclauses we give them the powers mentioned in paragraphs (a), (b), (c), (d), (e), et cetera, and they make a selection of them according to the necessities of the undertaking for which the charter is granted. That is the present practice and has been for many years.

Mr. BOTHWELL: Paragraph (q) of section 14 says:

—and in particular to guarantee the payment of dividends, or the payment of the principal of and interest on debentures or other securities, mortgages and liabilities of any such company;

It seems to me that a great deal of fraud might creep into the handling of a company where one company is permitted to guarantee the dividends of another. I can understand that an occasion might arise when it might be necessary and advisable to do that, but in my opinion it should be done only upon application to the department of the Secretary of State, or something of the kind, rather than that the company should be granted this power upon incorporation.

Mr. CAHAN: I agree with the hon. gentleman that the view he has just expressed is the view that occurred to me when this matter was first presented to me. I am not going to insist against the opinion of the house upon the retention of the right to guarantee dividends, but I will state fairly to the house the argument which was advanced to me. Take the case of a company having relations with another company; it may be a subsidiary company or not. It may be a subsidiary enterprise constructing some part of the equipment of an automobile, a company specially organized for the construction of that particular piece of machinery, and yet a larger automobile company may wish to ensure the success of what I call this subsidiary company. The only guarantee that it can now give under the act is to guarantee the indebtedness of that subsidiary company. The subsidiary company may create an issue of bonds, and the other company then can now guarantee the principal and interest on the bonds. At present it can guarantee only the principal and/or interest on a debt and liability. It was represented to me that in view of the present financial conditions it was necessary to obviate the creation of additional indebtedness in such cases and that a subsidiary company could in many cases secure the additional funds necessary to carry the enterprise through if it could issue say preference shares and a guarantee could be given with respect to the payment of dividends on those preference shares over a term of years and thus help the subsidiary company through a temporary crisis. I indicated my clear intent by underlining that part of the subsection and I ask the committee whether this amendment may not afford a reasonably convenient way for carrying some of these subsidiary companies through their present troubles.

Mr. BOTHWELL: Would not it be much safer when the occasion arises to have application made to the Secretary of State to have such protection granted? I can quite see where in certain cases it would be advisable to give a company these ancillary powers, but it seems to me we are opening up the opportunity for fraud.

Mr. CAHAN: If the committee is of that opinion, I am not at all disposed to insist upon this subsection passing. However, when you force these companies to apply for supplementary letters patent you are putting them to additional expense and all that sort of thing.

Mr. BOTHWELL: Could not this subsection be allowed to stand in order that we might see if we could not draft a clause to meet the situation?

Mr. CAHAN: Paragraph (q) of section 14 will be allowed to stand.

Mr. BUTCHER: This particular provision is very emphatic. It reads in part:

—and in particular to guarantee the payment of dividends, or the payment of the principal of and interest on debentures or other securities, mortgages and liabilities of any such company.

The law is quite clear that no company may pay dividends out of capital, but I think this paragraph permits an evasion of the law. Imagine two companies, company A and

company B. Company A may not guarantee dividends to its own shareholders but under this section it may guarantee the dividends of company B. Company B may reciprocate and guarantee the dividends of company A, and by this means the capital may be depleted. I am glad the Secretary of State is going to reconsider this particular paragraph.

Mr. CAHAN: I should like to meet the hon. gentlemen in order that I may direct their attention to a decision of the English courts dealing with similar sections, in which it is provided that if company A guarantees the dividends of company B, any payment which it makes in respect of those dividends is not a liability of company B. Therefore, the principle of protecting the capital of a company against the payment of dividends out of capital is not infringed by such a provision as this.

Paragraph (q) stands.

On section 15—Financial assistance to shareholders or directors.

Mr. CAHAN: Through a misprint, an amendment is necessary to paragraph (c) of subsection 1 of this section. In the thirty-fourth line the words "of the" are left out.

Amendment agreed to.

Mr. BUTCHER: It is an accepted principle of law that the capital of a company is to remain inviolate except when reduced by supplementary letters patent. Does not this section seem to violate that principle? I think it provides facilities by which the capital of a company may be depleted without the formality of obtaining supplementary letters patent. Paragraph (b) provides for the making of loans to employees with a view to enabling them to purchase or erect dwelling houses. Paragraph (c) provides for the purchase by trustees of fully paid shares in the company to be held by or for the benefit of employees or salaried directors of the company. Paragraph (d) provides for the making of loans to persons in the employ of the company to enable them to purchase fully paid up shares in the capital stock, to be held by themselves by way of beneficial ownership. I may be mistaken, but it seems to me that these paragraphs afford an opportunity of reducing the capital of a company without going through the formality of obtaining supplementary letters patent.

Mr. CAHAN: These clauses were in the bill passed in the session of 1931. At that time one of the largest companies operating in Canada, the Consolidated Mining and Smelting Company, desired, first, to advance money to enable its workmen and employees to build houses of their own and, second, to enable their own employees to acquire a certain interest in the shares of the company which were then very low. These provisions were introduced in a bill which appears as chapter 26 of the statutes of that year. I do not think they enable a depletion of capital because the amount so advanced for the building of homes or for the purchase of shares in an indebtedness which must be repaid, and provisions are made for repayment. It is merely a temporary loan to help employees out of a difficulty. I do not know whether the hon. member was present, but the matter was thoroughly discussed at that time and it was the general opinion of the house that this was a proper exercise of powers by a company.

Section as amended agreed to.

On section 16—Commission on subscriptions.

Mr. BUTCHER: In connection with paragraph (c) I would suggest that it might be advisable to fix the maximum commission payable. I am not going to move an amendment but I would suggest that it might be advisable to have this paragraph read that the amount or rate per cent of the commission paid or agreed to be paid shall not exceed, say, ten per cent or something of that kind. This might with advantage be included in the subsection.

Mr. CAHAN: At one time we had in our Canadian statutes a maximum fixed rate for commissions. I forget what it was, but the result was that each company fixed the maximum. If you allow them to fix a rate of 15 or 20 per cent, and put that in the statute, every company will fix the maximum allowed. Inasmuch as the payment of the commission must be authorized by letters patent and is in the discretion of the Secretary of State, we thought that applications might be allowed to the Secretary of State, and that before any commission was authorized by letters patent it would be the duty of the Secretary of State to inquire into all the conditions of the undertaking and to fix the commission to be allowed. Hereafter, it will be observed, the payment of the commission must be first authorized by letters patent or supplementary letters patent. I should like to try that as an experiment for a time.

Section agreed to.

On section 18—Contracts of agent binding on company.

Mr. CAHAN: I should like to have the opinion of some of the lawyers on the other side with regard to this section, particularly the hon. member for Vancouver Centre (Mr. Mackenzie) and the hon. member for Shelburne-Yarmouth (Mr. Ralston). Section 18 as at present on the statute books provides, in subsection 1:

> Every contract, agreement, engagement or bargain made, and every bill of exchange drawn, accepted or endorsed, and every promissory note and cheque made, drawn or endorsed on behalf of the company, by any agent, officer or servant of the company, in general accordance with his powers as such under the by-laws of the company, shall be binding upon the company.

Recently there was decided in the Supreme Court of Canada the case of the Bank of the United States vs Ross, 1932 Reports, page 150, which seems to place upon the one who does business with the company the burden not only of examining the letters patent of the company but of examining its bylaws, to ascertain whether the agent or officer of the company is empowered to do the thing which he purports to do.

Mr. RALSTON: He is generally empowered.

Mr. CAHAN: I have received a good many suggestions from business and commercial men throughout the country who say that in the present conditions of business one who is dealing independently with a commercial company should here, as in England, be allowed to deal with the agent who has either express or implied powers; that is to say, if the company is holding out a certain official as having authority to sign cheques, to accept bills of exchange or to make purchases for and on behalf of the company, those who are dealing with such agent at arm's length, knowing that he has that implied power and is exercising it to the knowledge of the company, should not be compelled to go to the company and demand the disclosure of the by-laws under which he is acting. The general contention is that if a company holds out one of its servants or officers as having certain powers then, in his exercise of such express or implied powers, the company should be bound, and that if the company engages officials and agents who act fraudulently, when apparently acting on behalf of the company, the company employing such agents who act fraudulently should be bound with respect to their fraudulent transactions. The company can insure its officers and agents; it can obtain indemnity against the frauds of its own agents; but the contention is that once it holds out an agent as having express or implied authority to act on its behalf, then it should be bound by all contracts entered into on its behalf by such agent.

I confess I am strongly of that opinion, but it is a matter respecting which I am in the judgment of the house. Until 1932, I think I am safe in saying, it was not necessary for one dealing at arm's length with an agent of a company to search out the contents of the company's by-laws in this regard. Apparently it is now necessary, and what I suggest by way of amendment is to strike out the words "as such under the by-laws of the company" and insert "either express or implied" so that the provision would then read:

> Every contract, agreement, engagement or bargain made, and every bill of exchange drawn, accepted or endorsed, and every promissory note and cheque made, drawn or endorsed on behalf of the company, by any agent, officer or servant of the company, in general accordance with his powers, either express or implied, shall be binding upon the company.

Mr. JACOBS: Does the Secretary of State propose to change the decision of the supreme court by act of parliament?

Mr. CAHAN: I am proposing to change the effect of it. I don't think it has ever before been decided in Canada that one dealing at arm's length with an officer of a company, held out as having certain powers, should be bound to search the by-laws of the company to ascertain what the particular powers of that particular agent were in fact.

Mr. JACOBS: Has the decision of all our courts been always against the contention?

Mr. CAHAN: I can only say that so far as I am aware it has never been held that anyone, in dealing at arm's length with an officer or agent of a company, held out as having certain powers in respect of notes, cheques and ordinary purchases made by an agent, was bound to search the by-laws of the company to ascertain what the powers of such agent were. In other words, one could depend upon the implied powers of the agent to perform on behalf of the company the particular transaction. I will let the clause stand if hon. gentlemen would like to look into it further. I appreciate assistance.

Mr. JACOBS: Before we pass this legislation would the Secretary of State not look into the question whether the Judicial Committee of the Privy Council might be invited to pass upon it?

Mr. CAHAN: We have no need to refer such matters to the Judicial Committee of the Privy Council as this parliament has

jurisdiction. There is nothing sacred about this particular section, which is a section of Canadian law and is not usually found in any other company law. It was probably inserted in some discussion in committee such as we are having to-day when some member suggested the insertion of the word "by-law" and it was put in.

Mr. LAPOINTE: There is nothing retroactive in this? There is no case pending?

Mr. CAHAN: The case is decided. This bill has no retroactive effect.

Mr. GEARY: I would like to call the attention of the minister to subclause 2. If you make the change in subclause 1 and read it in connection with subclause 2, dispensing with the seal, you have made the contract very informal. This is contrary to all the trend of practice in the old country so far. In municipalities the seal is necessary and it should be necessary in a company in the case of a contract of any importance. One can easily see in this case there is no formality whatever. As the minister says, a man held out by a company as having certain powers who is negotiating or dealing in regard to an important contract has bound the company if he enters into the contract and should not have done so. I have always been averse to dispensing with the necessity of a seal. Certainly if we are going to make the change which the minister now suggests in subclause 1, the whole thing is going to be reduced to a situation that I think is wrong.

Mr. CAHAN: The hon. member makes a strong contention, but this is a reproduction verbatim et literatim of the section as it now appears in the companies act.

Mr. GEARY: I know, but we are discussing it.

Mr. CAHAN: The business of the country is carried on without the sanctity of seals.

Mr. GEARY: And lawsuits are incurred.

Mr. CAHAN: It is provided in subclause 2:

> In no case shall it be necessary to have the seal of the company affixed to any such contract, agreement, engagement, bargain, bill of exchange, promissory note or cheque, or to prove that the same was made, drawn, accepted or endorsed, as the case may be, in pursuance of any by-law or special vote or order.

The complexities of business life at the present time are such that those dealing with companies must rely upon the holding out of agents as authorized to conduct certain business such as buying, selling, drawing cheques, making notes, accepting bills, and it seems to me that we should make the company responsible for losses arising out of the frauds of its own agents. That is all I am suggesting.

Mr. GEARY: I am not of course making any observations with regard to everyday bills of exchange, notes and that sort of thing; I am directing my observations entirely to important contracts, contracts of substance, which often become the subject of litigation.

Mr. RALSTON: I discovered this section only recently and I was called upon to advise in connection with it. Fortunately in the case I had, the by-laws were such as to make the company responsible for the acts of the officer. I was surprised that there was a section of that kind in the act because I had always thought a company was bound just the same as an individual was bound by the act of an agent within the general scope of his authority. That is the usual rule or more properly within the apparent scope of his authority. Perhaps that is a more accurate way of putting the rule.

Mr. CAHAN: The apparent scope of his authority.

Mr. RALSTON: So far as I am concerned, I see no difficulty on the score raised by the hon. member for Jacques Cartier. If that case is decided, it is decided and that is the end of the matter. What we are doing here is to decide what shall be the law in the future. My inclination is the same as that of the Secretary of State, that with respect to a dominion company the same law should apply as to acts of an agent of an individual or of a provincial company which is not subject to this section. I think we might dispense with subclause 1 and probably subclause 3 as well and simply insert the provision with regard to dispensing with the seal, because the company is bound by the act of its agent without that enabling subclause 1. If the Secretary of State would prefer to leave the clause as it is, then it might be well to use the words of the English common law, namely that the company is responsible for the acts of the agent within the apparent scope of the authority of such officer or agent.

Mr. JACOBS: I agree with what the hon. member for Shelburne-Yarmouth (Mr. Ralston) has said except as to his statement that I am the member for Jacques Cartier. I am the member for Cartier. I want to be correct in every respect.

Mr. CAHAN: I will consent to allow this clause to stand in order to see whether with the assistance of hon. gentlemen a better draft can be made.

Section stands.

On section 38—Transfer may not be restricted.

Mr. CAHAN: We held up clause 38 in passing until we had later decided as to the terms of the clauses with regard to registration. Those have now been decided by an amendment which has been approved and I think clause 38 might now pass.

Mr. BUTCHER: Would the minister mind defining "a recognized stock exchange"? I understand there are all kinds of stock exchanges and some of them that were in existence a while ago have now gone out of existence. There are some curbs: the Montreal curb, the New York curb and so on. Will all of these be recognized exchanges?

Mr. CAHAN: I cannot define it. This has been on the statutes for many years. There are certain stock exchanges which are recognized by law, have a corporate existence and capacity, and there are others which are not so recognized. I suggest that no difficulties have arisen and I am using exactly the same term as has been used before, am I not?

Mr. JACOBS: The courts should decide upon that question.

Mr. CAHAN: The real effect of it is this, that if the shares of a company are listed on a stock exchange and those shares are not fully paid, every person who buys them has full and ample notice that he is buying them for what they represent in assets and is by such purchase assuming the liability with respect to the unpaid part of his subscription for the shares. So a distinction is made in that respect.

Mr. BUTCHER: It had occurred to me it might be a little more important to define those words because of the change in the clause. There is quite a material change between the old section 80 and the present clause. There are certain special rights belonging to shareholders under subsection 2; rights not conferred under the present act. Perhaps it would be necessary in the interest of shareholders to define what a recognized stock exchange is. I may be wrong, I am simply asking for information.

Mr. CAHAN: I have replied to the hon. gentleman as best I can. If he wishes the section to stand I shall let it stand for further consideration.

Some hon. MEMBERS: Carried.

Section agreed to.

On section 39—Transmission by will or intestacy.

Mr. CAHAN: This section stood, and I had proposed an amendment, which is printed, to give recognition to a transmission by notarial will in the province of Quebec, of which a copy duly certified in accordance with the laws of that province is presented. It was an oversight in the old act, and difficulty has from time to time been caused owing to the fact that the Dominion Companies Act did not recognize the transmission of an estate by what is called a notarial will. When copying this again I overlooked it for the time, but it has been brought to my notice, therefore the proposed amendment has been printed. I shall ask the Minister of National Defence (Mr. Sutherland) to move the amendment to section 39.

Mr. SUTHERLAND: I move in section 39 to—

—strike out the words after "testamentary" in the thirty-third line to the end of subsection (1), and substitute therefor the following words:—

"or, in the case of a transmission by notarial will in the province of Quebec, a copy thereof duly certified in accordance with the laws of said province, or the said other judicial or official instrument, or an exemplified copy thereof or extract therefrom under the seal of such court or other authority, without any proof of the authenticity of such seal or other proof whatever, shall be produced; and a copy thereof, together with a declaration in writing showing the nature of such transmission, signed and executed by such one or more of the persons claiming by virtue thereof as the company may require, or, if any such person be any other company, signed and executed by an officer of such other company, shall be deposited with an officer of the company or other person authorized by the directors of the company to receive the same."

Amendment agreed to.

Section as amended agreed to.

On section 45—Limitation of liability of shareholders.

Mr. BOTHWELL: I do not know whether there is any liability fixed on the shareholder

by this section. It seems to me that the wording means that if there is any liability on any shareholder it shall be limited, in the case of shares with nominal or par value, to the amount unpaid. I have drafted a new clause, which I had better move in order to bring it to the minister's attention.

Mr. CAHAN: I have a copy of it, but I would like to explain.

Mr. BOTHWELL: I am not pressing the change; it was only to have the matter considered. I should be glad to hear the minister on that point.

Mr. CAHAN: I would like the attention of the legal members to section 45 as drafted. It provides:

45. (1) The shareholders of the company shall not, as such, be responsible for any act, default or liability of the company, or for any engagement, claim, payment, loss, injury, transaction, matter or thing relating to or connected with the company.

That is the law at the present time.

(2) The liability of a shareholder in respect of any share held by him in the company, in respect of which he is liable as a shareholder, shall be limited:

(a) in the case of a share with nominal or par value, to the amount unpaid thereon;

That seems to me to be clear and definite. It has been the law for many years.

Mr. JACOBS: That is the law.

Mr. CAHAN: Yes; I do not think there is any confusion about it. That is, if he is the owner of fixed par value shares of say $100, and only $80 has been paid up thereon, he continues liable with respect to the unpaid balance, namely $20. That has been the law and no confusion in the interpretation of it has been brought to my notice. Then:

(b) in the case of a share without nominal or par value to the amount of the consideration for which the share was issued by the company which is unpaid thereon.

In that case he signs a subscription for a share without nominal or par value, agreeing to pay *X* dollars therefor. If he agreed to pay $50 and has paid up only $40, he continues liable for the balance remaining unpaid thereon. To ascertain what that balance is it is necessary to see first his subscription agreement, to know what he agreed to pay, and then to ascertain how much he has in fact paid.

[Mr. Bothwell.]

Mr. BOTHWELL: I am satisfied with that explanation, Mr. Chairman, if the committee see it in the way the minister does. I was not able to get that wording quite clearly in my mind.

Then another question in regard to that section. The old section 45 has been deleted from the act. It reads:

Every shareholder, until the whole amount of his shares has been paid up, shall be individually liable to the creditors of the company to an amount equal to that not paid up thereon; but he shall not be liable to an action therefor by any creditor until an execution at the suit of such creditor against the company has been returned unsatisfied in whole or in part.

2. The amount due on such execution, not exceeding the amount unpaid on his shares, as aforesaid, shall be the amount recoverable, with costs, from such shareholder.

I understand from the explanatory note that no action has been taken on that old clause for a number of years, and the suggestion is made that a creditor of the company has other remedies than under the companies act; he can take proceedings under the Bankruptcy Act or certain provisions of the Winding-up Act. But under the Bankruptcy Act a creditor cannot take proceedings against the company unless the indebtedness to him exceeds $500. Is that correct?

Mr. CAHAN: That is my recollection.

Mr. BOTHWELL: And he cannot take proceedings under the Winding-up Act unless the indebtedness exceeds $200. Although action has not been necessary or has not been taken under old section 45, nevertheless it may have served a good purpose by being in the act. The fact that it was not used I submit is not an argument for omitting it. I believe it would have a salutary effect to leave that provision in, and would protect creditors the indebtedness to whom is under $500 or $200.

Mr. CAHAN: The reason for the omission is that I was quite convinced that creditors are well protected under the Winding-up Act and the Bankruptcy Act, and that it was perhaps inexpedient to allow one creditor of a company to select a particular asset and appropriate it to himself; that if a company reached such a stage it was better that it should come under the supervision of the court, which under either act I have mentioned will provide by order of the court for an equitable distribution of the assets. In

my opinion it is better to preclude any creditor from obtaining any special preference by bringing a special action. In recent years whenever such action was attempted other creditors refusing to hold off came in and brought the company under the Winding-up Act or the Bankruptcy Act for the express purpose of securing an equitable distribution of assets.

Section agreed to.

Progress reported.

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

Thursday, May 31, 1934

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

HAVRE ST. PIERRE, QUE., WHARF

Mr. CASGRAIN:

1. Has the government reconsidered requests already made since the year 1930, with respect to repairs to be done to the wharf at Havre St. Pierre, on the north shore of the river St. Lawrence?
2. If so, will the government comply with such requests this year?

Mr. BENNETT: With respect to this and the following question I mentioned the other day that these questions asking if the government will comply with certain requests involving the expenditure of public moneys are highly improper questions to be asked. They were stricken out when asked by other members, and I think the same rule should be followed with respect to these.

Mr. SPEAKER: Questions 3 and 4 are stricken out.

Mr. CASGRAIN: The other day the questions were answered in bulk. They asked if the government had considered the request and would later on make known their decision in the matter.

Mr. BENNETT: That is not so in this case.

Mr. CASGRAIN: That means we will not get it, then.

BIG BEAVER, SASK., POSTMISTRESS

Mr. DONNELLY:

1. Who is the postmaster or postmistress at Big Beaver, Saskatchewan?
2. Is he or she a British subject?
3. If a British subject, is he or she such by birth or naturalization?
4. If by naturalization, when naturalized and by what process?

Mr. CAHAN: An answer to this question cannot be given before a considerable length of time. The postmistress at Big Beaver is, of course, well known, but whether she is a British subject or not depends on a number of facts which we have to elicit, such as who is her father? Where was he born? Did he become naturalized in Canada? There are many other questions to be asked and it will therefore take us some time to ascertain the facts by inquiry of the family.

Question stands.

PUBLIC WORKS—EAST ESSEX

Mr. MORAND:

What was the total amount spent by the Department of Public Works for the years January, 1922, to June, 1930, in the following towns: Windsor, Sandwich, Walkerville, East Windsor (formerly Ford City), Riverside, Tecumseh, Sandwich East, Sandwich West?

Mr. STEWART (Leeds):

Windsor, $129,614.94; Sandwich, $26,391.31; Walkerville, $39,853.06; East Windsor, Nil; Riverside, Nil; Tecumseh, Nil; Sandwich East, Nil; Sandwich West, Nil.

WINDSOR, ONT.—PUBLIC BUILDING

Mr. MORAND:

1. What is the total cost of the new federal building in Windsor, Ontario?
2. How much rent was paid to house the Post Office Department during the construction of the new federal building and to whom was it paid?

Mr. STEWART (Leeds):

1. $759,744.50.
2. $7,001.88 paid to The Star Publishing Company of Windsor.

IMPERIAL ECONOMIC COMMITTEE

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, on Tuesday last the right hon. leader of the opposition asked certain questions following a statement made by the hon. member for North Wellington (Mr. Blair) and I promised I would ascertain what the facts were.

Mr. Ferguson as High Commissioner for Canada succeeded Sir Horace Wilson as chairman of the imperial economic committee for one year on the first of March last. I said that I was not quite sure whether he held the office for one year. The election was on the first of March. The imperial economic committee came into being in 1925, its principal

purpose being the preparation of statistical information and reports with respect to the marketing of foodstuffs and raw materials principally in the United Kingdom. Last year, as the house is aware, the imperial economic committee took over in part the work that had previously been undertaken by the empire marketing board, and that work is still being carried on by the imperial economic committee, and the expenses are being paid pro rata by all the dominions, India and Great Britain. The empire marketing board's expenses were wholly borne, as perhaps the right hon. gentleman will recall, by Great Britain. The annual cost of the committee is substantially £20,000 of which Canada contributes in the vicinity of £3,200.

FIRST NARROWS BRIDGE

On the orders of the day:

Mr. A. E. MUNN (Vancouver North): On the ninth of May an order of the house was passed for a copy of all correspondence in connection with the First Narrows bridge, Vancouver. I would like to ask the minister in charge when we may expect this return.

Hon. C. H. CAHAN (Secretary of State): If the hon. gentleman will allow that question to stand I will look into the facts and find out what the position is.

Hon. IAN MACKENZIE (Vancouver): Following up that question may I ask the Minister of Public Works in view of representations that I have received from the city of Vancouver when we may expect a determination under the Navigable Waters Protection Act in regard to the First Narrows bridge at Vancouver?

Hon. H. A. STEWART (Minister of Public Works): There are some requirements of the department as to additional information which have not yet been complied with, and until that information is received a decision cannot be made.

KING'S BIRTHDAY

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): The right hon. leader of the opposition asked yesterday whether the house would sit on Monday or not. It is the intention to sit on Monday.

TOURIST TRAFFIC

On the orders of the day:

Mr. WILFRED HANBURY (Vancouver-Burrard): I would like to direct a question to the Prime Minister based on a telegram I have received from the Vancouver publicity bureau as follows:

> The Vancouver publicity bureau strongly urge that you support the principle of federal tourist advertising.

I would ask the Prime Minister if the government has under consideration a grant for the purpose of encouraging tourists to come to Canada.

Right Hon. R. B. BENNETT (Prime Minister): The house is I suppose aware, Mr. Speaker, that a report has been made by a committee of the other house of this parliament which has been considering the question of how the tourist trade of this country could be extended. Certain recommendations were made which have been submitted to the government and will receive the consideration that is usually accorded to recommendations that come from so responsible a quarter.

DOMINION COMPANIES ACT

The house resumed from Wednesday, May 30, consideration in committee of Bill No. 64, respecting dominion companies—Mr. Cahan—Mr. Gagnon in the chair.

On section 14—Incidental and ancillary powers.

Mr. CAHAN: After considering the suggestion made by the hon. member for Last Mountain (Mr. Butcher), we have decided to strike out from paragraph (q) the words "the payment of dividends, or." This amendment will comply completely with his suggestion and I suggest that the hon. member move accordingly.

Mr. BUTCHER: I move accordingly. I should like to express my appreciation of the action of the Secretary of State (Mr. Cahan) in this regard.

Mr. CAHAN: The arguments of the hon. member were quite convincing, and, as he suggests, these powers may be inserted in special letters patent if they are found necessary.

Amendment agreed to.

Mr. CAHAN: There is another amendment to be made to paragraph (f), to insert the words "government or" after the word "such" in the thirteenth line. These words were omitted in the printing.

Mr. DUPRE: I move accordingly.

Amendment agreed to.

Mr. CAHAN: There is another amendment to paragraph (k), to delete the word "to" at the end of line fifty and insert a comma after the word "person" in line fifty-one.

Mr. DUPRE: I move accordingly.

Amendment agreed to.

Mr. CAHAN: There is another amendment to paragraph (k). The words "to any company" in line two on page 10 should read "to any other company."

Mr. DUPRE: I move accordingly.

Amendment agreed to.

Mr. CAHAN: There is an amendment to paragraph (u), that the same be deleted and the following substituted therefor:

(u) to distribute among the shareholders of the company in kind, specie or otherwise, any property or assets of the company including any proceeds of the sale or disposal of any property of the company and in particular any shares, debentures, or other securities of or in any other company belonging to the company, or of which it may have power to dispose; provided either that such distribution is made for the purpose of enabling the company to surrender its charter under the provisions of this act, or that such distribution, apart from the provisions of this paragraph, would have been lawful if made in cash.

This is practically the same as the present law, whereby a company in surrendering its charter and making a distribution of its assets may make that distribution of assets as such or in cash.

Mr. DUPRE: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 18—Contracts of agent binding on company.

Mr. CAHAN: I spent some time to-day examining this provision and have had the advantage of consulting with counsel. I have decided that subsection 1 of this section should be amended in accordance with the suggestion made yesterday by the hon. member for Shelburne-Yarmouth (Mr. Ralston). I am sending a copy of this amendment to the hon. gentleman and perhaps he will move it.

Mr. RALSTON: I move that section 18 be amended by striking out subsection 1 and inserting the following in substitution therefor:

(1) Every contract, agreement, engagement or bargain made, and every bill of exchange drawn, accepted or endorsed, and every promissory note and cheque made, drawn or endorsed on behalf of the company, by any agent, officer or servant of the company, within the apparent scope of his authority as such agent, officer or servant, shall be binding upon the company.

Mr. GUTHRIE: I notice this amendment contains the words "within the apparent scope of his authority," and for my own information I should like to know if that is the proper word to use. I understand the general custom is to use the words "general scope."

Mr. RALSTON: I used the word "general" yesterday and then corrected myself. I have not looked up the decisions but I feel quite satisfied that "apparent" is the proper word.

Mr. CAHAN: I submitted it to counsel this morning and apparently this is in accord with the English decisions.

Amendment agreed to.

Section as amended agreed to.

On section 48—By-law for subdivision, reduction, increase, etc., of share capital.

Mr. BUTCHER: I would direct the attention of the committee to paragraph (d) which reads as follows:

(d) change all or any of its previously authorized shares with par value, issued or unissued, into the same or a different number of shares of any class or classes without par value and not having priority as to capital or being subject to redemption;

This paragraph should be read with the first part of subsection 1, which reads:

(1) Subject to confirmation by supplementary letters patent, a company may from time to time by by-law ...

(d) change all or any of its previously authorized shares with par value, issued or unissued, into the same or a different number of shares of any class or classes without par value and not having priority as to capital or being subject to redemption;

It should also be read in conjunction with subsection 2:

No such by-law shall take effect until it is sanctioned by at least two-thirds of the votes of the holders of each class of shares thereby dealt with, cast at a special general meeting of shareholders called for the purpose and confirmed by supplementary letters patent.

This I notice is an innovation; the same provision apparently is not found in the sections which this section replaces, that is to say, sections 58, 59 and 60 of the present act. I am afraid it is fraught with danger. There are features that I personally do not like and I am going to move later on that subsection (d) be struck out. My reason for asking that it be deleted may be found in the case I referred to when speaking early in February, or perhaps later, on the subject

of company promotions in general. I will not refer by name to the company in regard to which I am about to speak; I will simply say that a certain company in western Canada during the past few months has made a change in its capital organization. This is the story. In the early history of the company certain shareholders bought 4,500 preferred shares at $100 par value. At the same time 3,000 shares of common stock were sold at $100 a share. The preferred stock became entitled to voting power after one year's default in the payment of dividends. In 1933, dividends were not paid and very naturally the holders of the preferred shares concluded that they had a right to step in, use their voting power and take possession of the company. What really happened was this. In the meantime the holders of the 3,000 common shares had passed a by-law to the effect that these 3,000 common shares of $100 par should be changed to 15,000 no par shares. When the petition was presented to the appropriate authority—

Mr. CAHAN: Is that a dominion company?

Mr. BUTCHER: No. I said so in my previous speech on the subject, but I see the same danger in this subsection. When these holders of the preferred shares, because their dividends were in default, assumed that by reason of their voting power they could take control of the company, they with 4,500 shares, were met by 15,000 shares of no par value. This apparently had been done perfectly legally. The petition presented to the proper authority had stated frankly that the dividends were not in arrears, and in fact they were not when the petition was presented; apparently everything was in order. But this is what really happened. Those men who had paid out their good money, no less a sum than $450,000, found that that money had no voting power and they were left without the relief which they had every right to expect when they purchased those shares.

I am afraid that under this subsection the same thing could happen again, and in the case of a company in a similar situation, the preferred shareholders having no vote until their dividends were in default, the holders of common stock having voting power might meet and pass a by-law and appeal to the Secretary of State for supplementary letters patent, and apparently there would be no reason why they should not be granted; because, so far as I can understand, it is not necessary to consult the preferred shareholders in such a case. The only shareholders whom it is necessary to consult are those who have votes with respect to the class of shares "thereby dealt with."

Mr. CAHAN: The hon. member is entirely in error in that.

Mr. BUTCHER: I shall be pleased to have the minister show me wherein I am in error.

Mr. CAHAN: The hon. gentleman has referred to a company which I understand was not under the jurisdiction of the Companies Act of Canada, and I can only assure him that if such a proposition had come before the Secretary of State during the past four years it would not have received approval. This clause is designed to prevent just such action as that to which he has referred, by providing, first, that in the case of these several transactions which are now being carried out frequently in the present days of depression and reorganization, they shall not be carried out except by the sanction of at least two-thirds of the votes of each class of shares thereby dealt with. Now whether or not the preferred shareholders have votes under the by-laws of the company, under this express enactment two-thirds of the shares affected must vote in favour of the reconstruction or reorganization proposed, and the votes must be cast at a special general meeting of shareholders held for that purpose, of which they have due notice. Moreover, as a further protection, even if the by-law is passed, even if each class of shareholders affected approve and confirm the proposed reorganization by a two-thirds vote of each class, then the whole matter comes before the Secretary of State, and the proposed reconstruction cannot be carried into effect except by the grant of supplementary letters patent. I cannot conceive of any other protective measures which I could throw about such proposed reconstruction.

Mr. RALSTON: Would not the Secretary of State feel safer if the words "dealt with" were changed?

Mr. CAHAN: "Thereby affected."

Mr. RALSTON: Yes, thereby affected.

Mr. CAHAN: I am prepared to accept that.

Mr. RALSTON: That is used in section 144.

Mr. CAHAN: Will the hon. member move that amendment?

Mr. BUTCHER: I notice that the Secretary of State used the word "affected," and if that word were here I should be satisfied. I am pleased to move therefore that the words "dealt with" be struck out and the word "affected" be substituted therefor after the word "thereby."

Mr. HANSON (York-Sunbury): I suggest that there will be some difficulty if you make that substitution. There is this difference: "shares dealt with" means the shares referred to in the subclause; "shares affected" might be other shares that might be affected. The change suggested is a dangerous one. The subclause had better be left alone.

Mr. CAHAN: I think the words "dealt with" are really more specific; in my statement I used the word "affected," but there has to be the vote of two-thirds of the shares dealt with in the reorganization. I would like to meet the hon. gentleman's wishes.

Mr. HANSON (York-Sunbury): It might read "of such shares," but I think the subclause is all right as it stands.

Mr. BUTCHER: In the case I mentioned, which shares would the Secretary of State say were being dealt with—the common stock or the preferred shares? I would submit in the case I mentioned the preferred shares are not dealt with but they are affected.

Mr. CAHAN: They were certainly dealt with in the reorganization of the company. The hon. member was complaining that although the preferred shares were dealt with, the preferred shareholders did not have a vote. All I say to the hon. gentleman is this, that in drafting legislation each draftsman prefers his own words as he is accustomed to use them and it is very difficult to find words which are acceptable to all parties. I think on reflection the words "dealt with" are probably well selected. I am not obstinate about this matter; I am subject to the approval of hon. members of the legal profession but their real safeguard in this is that no scheme of that kind can get through unless it is authorized by a by-law which has been confirmed by the vote of two-thirds majority of each class of shares thereby dealt with. I think "dealt with" is the proper term because there may be classes of shares which are not dealt with and the holders of which have therefor no interest in attending a special general meeting for the purpose of confirming the by-law. I prefer the words "dealt with," but I am in the judgment of the committee.

Mr. GEARY: Would the minister tell us what is the practice of his department in just such a case as has been set forth by my hon. friend opposite? If voting power is not given to the preferred shareholders until a certain contingency arises in the way of passed dividends and if before that happens an application of the common shareholders comes before the department for an increase in the number of shares or a subdivision of them, would the department consider the application of the shareholders who have the right to vote?

Mr. CAHAN: The object of this clause is this: although the by-laws of the company provide that preferred shareholders shall vote only in certain contingencies, and although this may not be one of the contingencies under which they would ordinarily vote, I wish to provide in this clause that they shall have a vote for this particular confirmation, and that if two-thirds of them do not vote for this particular purpose, then the Secretary of State would not even consider their petition, as after all that is done, they have to petition for supplementary letters patent when the whole matter must be reviewed by the Secretary of State before such supplementary letters patent are granted.

Mr. MERCIER (St. Henri): Would it meet the objection to insert the word "such" before the word "shares" so that the subclause would read:

Of each class of such shares.

Mr. HANSON (York-Sunbury): I think the word "such" would cover it.

The CHAIRMAN (Mr. Gagnon): Perhaps the hon. member for Last Mountain will withdraw his last amendment.

Mr. BUTCHER: Just a moment. I was going to ask the Secretary of State: Can it be said that in the case I mentioned the preferred shares are being dealt with? They are affected but in my opinion they are not dealt with; the only shares that are dealt with are the common shares. Could the matter be handled in this way—"thereby dealt with or affected"?

Mr. CAHAN: I do not keep in mind the particular case referred to by the hon. gentleman and I do not think I should be asked to give an opinion as to the effect of a reconstruction under another companies act with which I am not familiar and one which has not come to my attention.

Mr. HANSON (York-Sunbury): I would like to make an observation. Anything that will be detrimental to the reorganization of companies now in difficulties and undergoing reorganization, short of providing against fraud and that sort of thing, ought not to be imposed in this clause. That is a sound principle. Parties engaged in reorganization of companies have to meet very difficult situations; they weigh the balance of equity as between different classes of shareholders and they make the best proposal that can be put forward having regard to all interests. If you impose too many obstacles, you just make the burden that much greater in the effort to put a company back on its feet. If the provision is for another purpose, for preventing manipulation of shares for gain, that is a horse of another colour.

Mr. BOTHWELL: It seems to me that in this clause provision is made against what happened in the case to which the hon. member for Last Mountain referred. In that particular case 3,000 shares of common stock of a par value of $100 each were changed into 15,000 shares of no par value. The original incorporation of the company called for 4,500 preferred shares of $100 each with a provision that when dividends on the preferred stock became in arrears for one year the preferred shareholders then had a vote in the management of the affairs of the company.

Mr. CAHAN: Is that preferred or common stock?

Mr. BOTHWELL: There were 4,500 shares of preferred stock and 3,000 shares of common stock of a par value of $100 each. That meant that the preferred shareholders had $450,000 and the common stockholders had $300,000 in the company. The provision was that whenever dividends on the preferred stock were in arrears for a period of one year the preferred shareholders obtained a vote in the company.

Mr. HANSON (York-Sunbury): And the voting strength.

Mr. BOTHWELL: Yes. In the last year apparently the common shareholders who had the management of the company saw that they were not going to be able to pay dividends on the prefered stock and they then passed a by-law changing their 3,000 shares of common stock of a par value of $100 each into 15,000 shares of no par value. When the preferred shareholders stepped in and expected to take over the management of the company they found that they had only 4,500 votes as against 15,000.

[Mr. Cahan.]

Mr. CAHAN: But that is exactly what this clause is intended to preclude and prevent. We are saying by statute enacted by this parliament that that thing cannot be done except with the consent of two-thirds majority of the holders of the 4,500 preference shares.

Mr. BOTHWELL: The way this clause stands now, the only shares dealt with were the common shares. The preferred shareholders' dividends were not in arrears at the time this was done, so they had no say, their shares were not dealt with in any way, but they were most seriously affected.

Mr. BURY: They were affected in respect of voting power.

Mr. HANSON (York-Sunbury): Would it not meet the hon. gentleman's difficulty if both terms were used, "dealt with, or affected"? In one case you are dealing with shares actually changed, and the other shares would be affected. "Dealt with or prejudicially affected."

Mr. CAHAN: I am in the hands of the committee, but I do not agree with the hon. member for York-Sunbury (Mr. Hanson) in his construction. Although the common shareholders may have had their votes increased I do not yet see how that prejudices the rights of the preferred shareholders who had not the right to vote. Under the by-law they were given the right to vote in certain contingencies, but those contingencies had not arisen. I may be very stupid about it but I do not see how those preferred shareholders were affected, prejudicially or otherwise.

Mr. HANSON (York-Sunbury): I think the hon. member for Swift Current (Mr. Bothwell) made his point very plain. Three thousand common shares, par value $100, were by virtue of a by-law passed in the ordinary way changed into 15,000 shares each having a vote. They multiplied the voting power of the common shareholders by five. I think it was a pretty sharp device to keep control of the company and prevent it falling into the hands of the preferred shareholders, so depriving the preferred shareholders of the rights contemplated when the fully paid preferred shares were set up and sold to the public.

Mr. CAHAN: I am not going to discuss the thing at length, but if the preferred shareholders took their stock on the clear understanding that they had no vote, I fail to see how, it matters to them, not having a vote, whether there were 15,000 votes in the common shareholders or 3,000. But I am willing to accept any suggestion in order to make progress.

Mr. RALSTON: I know my hon. friend is an excellent draftsman, and would like to use the same terms all through. Section 123 uses the word "affecting." Should not that word be used in both places?

Mr. CAHAN: I am quite willing to accept that. Section 123 does not use the words "dealt with."

The CHAIRMAN (Mr. Gagnon): The amendment moved by Mr. Butcher is that subsection (d) of section 48 be struck out.

Mr. CAHAN: That is withdrawn.

The CHAIRMAN (Mr. Gagnon): What is the next amendment?

Mr. BOTHWELL: "Dealt with or affected."

Mr. CAHAN: No, the next amendment is to subsection 2, in the third line, which is the 39th line of the page. I accept the suggestion of the hon. member for Shelburne-Yarmouth (Mr. Ralston) that we strike out the words "dealt with" and in lieu thereof insert the word "affected."

Mr. HANSON (York-Sunbury): I am opposed to that. I think we should keep both in, if we want to meet the situation visualized by the hon. member for Swift Current.

Mr. BOTHWELL: If this would be satisfactory to the Secretary of State (Mr. Cahan) I would move:

That the words "or affected" be added after the word "with" in the third line of that subsection.

Mr. CAHAN: I am perfectly willing to accept that.

Mr. HANSON (York-Sunbury): May I ask the hon. member for Swift Current whether he thinks that for the case he outlined he would find a remedy in the section as he proposes to have it? Were the preferred shareholders at that moment affected by the change? Not at all that I can see.

Mr. CAHAN: They had no voting power at all.

Mr. HANSON (York-Sunbury): They might be potentially affected, but they were not actually at the moment.

Mr. BOTHWELL: I think they were. At the time they bought the stock they knew what the situation was. They said: If this company is not able to make its way, if it defaults in dividends for twelve months we are going to be able to take charge. They knew they were putting up most of the money; I do not know all the details but part of this common stock went to the promoters. The preferred shareholders believed that when necessary they would get control of the company.

Mr. CAHAN: And they were not prevented by anything the hon. gentleman has said.

Mr. BOTHWELL: They were absolutely prevented.

Mr. CAHAN: How?

Mr. BOTHWELL: Because they had only 4,500 votes as against 15,000.

Mr. CAHAN: But I state that in every provision of that kind, where it is provided, as frequently it is, that in default of payment of dividends on the preferred stock the preferred shareholders shall have an exclusive right to vote, that exclusive right was preserved in that case, whether the common shareholders had 4,500 votes or 15,000.

Mr. BOTHWELL: This was not a case of exclusive right, they were simply entitled to a vote.

Mr. GEARY: Let me assure the hon. member for Swift Current that I entirely approve of the position he desires to get into, I only question the means he adopts. I do not believe that adding the word "affected" will achieve the result he desires. I think the best proof of that is that the present occupant of the office says that it will not. If you had that kind of proposition advanced to the present occupant of the office the case would not be taken care of by having the words "dealt with" or "affected." I think you must make it stronger.

The CHAIRMAN (Mr. Gagnon): Is there an amendment?

Mr. CAHAN: The motion before the committee, I understand, is that the words "or affected" should be added after "dealt with" in the 39th line of page 25. I am prepared to accept that.

Mr. HANSON (York-Sunbury): If there is any doubt, as suggested by the hon. member for South Toronto (Mr. Geary) I suggest that the clause be amended to read as follows:

No such by-law shall take effect until it is sanctioned by at least two-thirds of the votes of the holders of each class of shares thereby dealt with or which are or may be prejudicially affected. . . .

That would surely cover it.

Mr. GEARY: I think it is the same thing.

Mr. CAHAN: What the hon. gentlemen are doing, I tell them at once, is this. This subsection 2 relates to each and every of the preceding provisions. That is it affects (g), increase of the capital stock of the company, and so on. By this you are clearly tying up the necessary operations of a company very materially. All that is provided so far in this section as drafted is that the by-law dealing with any class of shares must first have the approval of at least a majority of all the shareholders. This clause then provides that the class of shares dealt with must, at this general meeting, also vote as a class, and by a two-thirds majority approve of the contemplated action. After that the Secretary of State must thoroughly investigate the matter before he issues supplementary letters patent. I think those provisions are sufficient; on reflection I quite agree with the hon. member for York-Sunbury that the words "or affected" may cause a very great deal of trouble in the case of an increase or reduction of capital. I prefer to leave it as it is.

Mr. GEARY: May I add one further word? I think the minister has settled the whole question. I think up to the moment it has escaped our attention that in the ordinary course this by-law must receive the approval of all classes of shareholders.

Some hon. MEMBERS: No.

Mr. GEARY: The minister says that is the intention, but that the special class dealt with shall be represented by two-thirds of its number, so that you have the majority of all the shareholders—

Mr. HANSON (York-Sunbury): There is nothing in the legislation which says that all shareholders must approve.

Mr. RALSTON: It is the shares thereby dealt with.

Mr. CAHAN: The by-law must first be passed.

Mr. RALSTON: The by-law is passed in the ordinary course.

Mr. CAHAN: And after the by-law is passed it must be sanctioned by two-thirds of each class dealt with.

Mr. RALSTON: It has been suggested that we are perhaps restricting and tying up the operations of a company. Hon. members will recall that in practically all the provisions with regard to preferred shares there is an express provision that the rights of the preferred shareholders are not to be modified, altered, changed, amended, revised—every word a lawyer can think of is used—without a vote, generally, of three-quarters of the preferred shareholders. So it seems to me that it is not unreasonable here to ask for a two-thirds majority of those who, as I say, are "affected" or, as the hon. member for York-Sunbury says, are "prejudicially affected," which is perhaps a better expression. I certainly agree with the hon. member for York-Sunbury; I prefer his amendment to what has been suggested from this side.

The CHAIRMAN (Mr. Gagnon): It has been moved by Mr. Bothwell that subsection (2) be amended by adding the words "or affected" after the words "dealt with" in line 39.

Mr. HANSON (York-Sunbury): I was suggesting—I have not gone through the formality of moving it—that instead of those words we add after the word "with" in line 39 the words "or which are or may be prejudicially affected." The reason I interpolate the words "or may be" is to cover the case brought up by the hon. member for Swift Current. There was no actual default in that case, and the voting power was not actually vested when this move was made. But that action was anticipated, and that was a pretty sharp trick, in anticipation of what was going to happen. While strictly speaking the shares might not have been prejudicially affected at the moment, undoubtedly there was a potential affection. I know it is impossible to provide for every case, but this may help.

Mr. BOTHWELL: So far as I am concerned I am quite agreeable to the suggestion made by the hon. member for York-Sunbury, and I will withdraw my amendment in favour of his.

Mr. CAHAN: Then you simply throw upon the Secretary of State the duty of investigating to see whether any other class of shares is prejudicially affected. That may be an impossible investigation in many cases, I should think.

Mr. MERCIER (St. Henri): It will not change your position.

Mr. CAHAN: In regard to the suggestion of the hon. member for Shelburne-Yarmouth, the by-law must first be passed in the ordinary course, as he will admit, by a majority of the shareholders who have the right to vote.

Then, after having been passed, the by-law must be sanctioned by a vote of two-thirds of the majority of the holders of that class of share specially dealt with. All I can say to the hon. gentleman is that you cannot preclude all possibilities. If the proposition which he has suggested came before this present department of the Secretary of State it would have no chance at all—

Some hon. MEMBERS: Hear, hear.

Mr. CAHAN: I would prefer to have it as it has been drafted, following consideration of nearly every aspect of the question, retaining the words "dealt with." If the committee is not favourable to that suggestion I would agree to "dealt with or affected." Then one can probably ascertain whether the other shares are affected at all, but the extent to which they are prejudicially affected is another matter.

The CHAIRMAN (Mr. Gagnon): Then do I understand that all amendments are withdrawn?

Mr. BOTHWELL: Under the circumstances I would urge the amendment I have suggested. It seems to me that with those words in the act, when a by-law is brought before the minister he will say to the applicants, "I think these shares are going to be affected, and you had better have that by-law approved by those shareholders." It will strengthen the hands of the minister, so it seems to me advisable to include those words.

Mr. CAHAN: While it may strengthen the hands of the minister at the same time it might enable a minority holding one class of shares, which shares are not dealt with, to disrupt the company in a time of crisis, if they saw fit to do so, by refusing to alow an increase of capital by the issue of new shares. That is the difficulty. In my experience, and I say it emphatically, I have seen more misdemeanors committed in company affairs by minorities than by majorities. That is the effect of it. If the shares that are to be dealt with support the by-law by a two-thirds majority, and if after that the Secretary of State exercises his discretion, having all the facts before him, I think that is sufficient. Having said that, the committee may take whatever alternative it wishes.

Mr. HANSON (York-Sunbury): I have to go to the banking committee, so I cannot remain longer, but I will say that no class of junior security holders ought to be put in a position where they can affect the rights of senior security holders. That is a very sound principle. If you once embark on a contrary policy you invite all kinds of trouble. The rights of senior security holders, who have put up their money in good faith on the strength of a by-law passed, ratified and sanctioned as contemplated in the act, should be respected unless and until the time arrives when they, by a large majority, voluntarily relinquish their rights, and no junior security holders such as common share holders should be put in a position where, by their own motion, they can over-ride the rights of senior security holders.

Mr. CAHAN: I quite agree, but I do not think that statement applies to the hypothetical case mentioned by hon. gentlemen opposite. In that case the preferred shareholder had no vote and having no vote, no right was taken from him by the proceedings. But if the suggestion of the hon. member for Swift Current is accepted it would mean that if there were common or ordinary shareholders of capital stock to the extent of $100,000, they could not issue another $100,000 of stock to increase the assets of the company even though thereby they placed the preferred shareholders in substantially and materially a better position. You have to look at it both ways, and from my experience I think it would be far better to leave it to the discretion and careful oversight of the department of the Secretary of State than to accept a suggestion which may preclude companies in these times of crisis from securing additional capital by the issue of ordinary common shares at their proper value.

The CHAIRMAN (Mr. Gagnon): Does the hon. member for Swift Current insist on his amendment?

Mr. MERCIER (St. Henri): Is the minister going to accept the words "or affected"?

Mr. CAHAN: I am going to object. I am convinced that that proposal was wrong, and I have withdrawn my suggestion in that regard.

Mr. MERCIER (St. Henri): Will the minister accept the insertion of the word "such" before "shares" in line 39?

Mr. CAHAN: I would be willing to accept it but I do not think it clarifies the clause.

The CHAIRMAN (Mr. Gagnon): It is moved by Mr. Bothwell that subsection 2 of section 48 be amended by inserting the words "or affected" in line 39 after the words "dealt with."

Amendment negatived, on division.

Section agreed to.

On section 59—Preference stock by by-law.

Mr. CAHAN: There is a motion already before the committee, Mr. Chairman, to strike out all the words after the word "Part" in the thirty-sixth line. I think the full meaning and effect is given to the section although these words be stricken out, as the rights of the preferred shareholders and others in respect of the ordinary shares are clearly provided for in other sections of the bill.

Mr. RALSTON: And the words to be stricken out just underline it?

Mr. CAHAN: Yes, and they might cause confusion.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Mr. BOTHWELL: There is one question I would ask the minister in regard to subsection 2 of this section dealing with the preferred or deferred shares. The proviso in subsection 2 reads:

Provided, however, that any term or provision of such by-laws, whereby the rights of holders of such preferred or deferred shares are limited or restricted, shall be fully set out in the certificates of such shares.

I was just curious to know the reason why all the restrictions are to be set out in the case of the preferred shares while nothing is said in that regard as to the common shares. Would it not be reasonable to have the restrictions also set out on the common shares? That does not affect this section alone.

Mr. CAHAN: There has been a practice by some of these companies of providing by their by-laws that the preferred shareholders shall not have the right to vote, and the holder of a preferred share who receives a certificate in the ordinary course knows nothing of that. He has not been informed as to that particular by-law. We have therefore deemed it advisable to insert that if the rights of these preferred shareholders have been restricted, in such a case as the hon. member himself mentioned this afternoon, it must be clearly set out on the certificate so that the holder will have knowledge of it from the time he obtains the certificate.

Amendment agreed to.

Section as amended agreed to.

On section 61—When redemption or purchase not a reduction of capital.

Mr. CAHAN: I suppose hon. gentlemen have before them the amendment to strike out paragraph (b) on page 31 of the bill and substitute the following:

[The Chairman.]

(b) if such redemption or purchase for cancellation of such fully paid shares is made without impairment of the company's capital by payments out of the ascertained net profits of the company which have been set aside by the directors for the purposes of such redemption or of such purchase for cancellation, and if such net profits are then available for such application as liquid assets of the company, as shown by the last balance sheet of the company, certified by the company's auditors, and being made up to a date not more than ninety days prior to such redemption or purchase for cancellation, and after giving effect to such redemption or purchase for cancellation;

This is a clearer expression, I think, of the purport of the section than was found in the original print. I do not understand that there is any objection to it.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Section 63 to 65 inclusive agreed to.

Mr. RALSTON: I understand, Mr. Chairman, that sections 63 to 65 inclusive were held at the request of the hon. member for York-Sunbury. He is not here at the moment.

Mr. CAHAN: I understand that he has no amendment to move in connection with these sections. These sections were held for further reflection, I think.

On section 67—Registration of order appointing receiver.

Mr. BUTCHER: I notice that the word "wilfully" has been introduced into subsection 2. Would not the Secretary of State admit that the introduction of the word "wilfully" will make it exceedingly difficult to secure a conviction?

Mr. CAHAN: I think the hon. gentleman is right. I have a motion in the votes and proceedings striking out the words "knowingly and" in the first line of subsection 2.

Mr. DUPRE: I move the amendment accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 73—Definition. "Prospectus."

Mr. CAHAN: I have an amendment in connection with lines forty and forty-one on page 37, to strike out the words "any shares, debentures or obligations—herein sometimes collectively referred to as 'securities'"—and substituting therefor the words "any securi-

ties." These words are defined elsewhere and the insertion of a definition at this point would simply obscure the meaning.

Mr. DUPRE: I move accordingly.

Mr. RALSTON: I understand securities are covered by the definition section.

Mr. CAHAN: Yes. I am going to place it clearly in the definition section.

Amendment agreed to.

Mr. CAHAN: There is another amendment to lines eighteen, nineteen and twenty on page 38, to strike out the words "securities of the company or its securities means securities of a company issued or to be issued by the company" and insert the words "'securities of a company' or 'its securities' means shares, debentures or obligations of a company issued or to be issued by the company." This definition will cover all cases.

Amendment agreed to.

Section as amended agreed to.

On section 67—Registration of order appointing receiver.

Mr. CAHAN: Subsection 1 reads:

If any person obtains an order for the appointment of a receiver or manager—

And so on. I intend to insert the words "receiver and" after the word "or" in line forty-four, and also after the word "or" in line forty-five.

Mr. DUPRE: I move accordingly.

Mr. RALSTON: Would it not be better to use separate phrases such as receiver or manager or receiver and manager? I am afraid you are cutting off the receiver from the manager.

Mr. CAHAN: I was instructed that there are only two alternatives; the courts may appoint a receiver but they do not appoint a manager alone except as receiver and manager.

Mr. RALSTON: That is so; at least I have never known it to be otherwise.

Amendment agreed to.

Section as amended agreed to.

Section 74 agreed to.

On section 75—Applications not to be accepted before certain conditions fulfilled.

Mr. BUTCHER: I should like to speak upon all the prospectus sections at this time.

Mr. CAHAN: Certainly.

Mr. BUTCHER: I shall not be referring to each section individually. I have considered these sections very carefully and I must admit that they are very comprehensive. They are probably more comprehensive than any other prospectus sections which I have read, but I think one must admit that they will not cure probably the greatest evil which we have to-day in the matter of company promotions. So far as I can see, they do not touch the underwriter.

Mr. CAHAN: They touch completely the underwriter who underwrites and who is in any sense an agent of the company. The hon. member for Shelburne-Yarmouth (Mr. Ralston) touched upon this point yesterday and made it clear that after the shares are beyond the control of the company and the company's underwriter, there is then no restriction imposed, but, until that event happens, all these sections apply.

Mr. BUTCHER: I am not familiar with the facts, but I have been informed that quite often an underwriter has purchased shares.

Mr. CAHAN: Then he is a purchaser.

Mr. BUTCHER: But in many cases he is really acting as the broker or agent.

Mr. CAHAN: Then in that case there is absolutely no doubt that he is covered by all the prohibitions and restrictions here provided. There is no doubt about it.

Mr. BUTCHER: Will the Secretary of State point out to me any particular section by which he is affected?

Mr. CAHAN: It is made clear in several sections. I would refer the hon. member to the definition of underwriter, beginning at line 29 on page 38:

"underwriter" includes (a) any person who, to the knowledge of the company, proposes to subscribe for securities of the company with a view to the resale to the public of those securities or a part thereof, and (b) any person to whom a commission is proposed or intended to be paid by the company in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or in consideration of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any securities of the company to be offered to the public for subscription.

Mr. BUTCHER: That does reach the underwriter who is not a purchaser of shares—

Mr. CAHAN: But he is not an underwriter when he becomes a purchaser. When he becomes a purchaser, when he has pur-

chased, it is improper to refer to him as an underwriter; he is then a purchaser of shares and owns them completely.

Mr. BUTCHER: Is not an individual who purchases a large block of the shares of a corporation described in many cases as an underwriter?

Mr. CAHAN: He may be in certain parlance, and the fact is that in many cases where a colourable purchase is put through he certainly remains an underwriter; and this very elaborate definition on page 38 is given for the express purpose of catching the man who attempts a colourable proceeding of that kind.

Mr. BUTCHER: And the minister is quite satisfied that we cannot reach the person who actually buys shares and then proceeds to sell them again?

Mr. CAHAN: My best advice is this. Under the guise of dealing with companies, even with dominion companies, when we attempt to deal with transactions between individual stockholders or individual bondholders—the sale by one person of his bonds to another, or the sale by one person of his shares to another—these are matters relating to ordinary transactions with respect to property and civil rights which are under provincial jurisdiction, and we might endanger the act if we attempted to proceed otherwise than under the criminal law. I am clearly convinced of that.

Mr. BUTCHER: Recently I have been reading a book, Shareholders' Money, by Horace B. Samuel, in which this writer suggests that all persons who allow their names to appear on the prospectus, even bankers, brokers, trustees for debenture holders, auditors or solicitors of the company offering shares for sale, should be deemed to have authorized the issue of the prospectus, as much as in the case of directors. There is no doubt whatsoever that many sales are induced because of the prestige of the persons whose names appear on the prospectus. Has the Secretary of State considered the advisability of making a provision of that kind?

Mr. CAHAN: My own impression is that by this bill now before the house we may impose upon directors and auditors such severe restrictions that when the act takes effect it will be very difficult to procure directors to act or auditors to subject themselves to such penal provisions as there proposed. I think we have gone to the extreme.

[Mr. Cahan.]

Mr. BUTCHER: I think some effort should be made to place upon the company the burden of proof that the shares have actually been sold to the so-called underwriter. To this end I move the following amendment, as subsection 6 of section 75:

When shares of a company are offered to the public for subscription by any person, firm or corporation who has directly or indirectly procured the disposition of such shares by the company, such shares shall be deemed to have been so offered by the company or on its behalf within the meaning of subsection (1) hereof, unless the company shall previously to such offer have filed with the Secretary of State a statutory declaration made by the president or vice-president or the secretary or treasurer verifying the number of shares so disposed of and stating that the company has no financial interest in any offer to the public for subscription which may be made by such person, firm or corporation of shares to the number specified.

My reason for the amendment is found in the fact that practically every one of the prospectus provisions, as the Secretary of State knows, contains the words "issued by or on behalf of." You will find those words on page 38, line 40; page 39, line 4; page 41, line 1; page 44, line 35. I quite understand that these words are very naturally there, but I am rather anxious to place the onus of proof on the company that their shares have been actually sold.

Mr. CAHAN: Does the hon. member comprehend the effect of what he suggests?

Mr. BUTCHER: I think so.

Mr. CAHAN: Shares of the Canadian Pacific Railway were no doubt sold fifty years ago—is it not fifty years since the Canadian Pacific was organized? Yet, is the Canadian Pacific Railway to have the onus of filing an affidavit now, when a thousand shares of its stock are sold, to the effect that it is no longer interested in those shares? It must simply mean that the company would have to follow every share. You cannot impose that burden upon a company, and I cannot accept the suggestion.

Mr. RALSTON: The hon. member for Last Mountain (Mr. Butcher) spoke to me about the amendment just before three o'clock and I went over it with him. The amendment is an endeavour to meet the point raised by the Secretary of State. The amendment is intended to cover only an offer of shares to the public made by someone who had directly or indirectly procured the disposition of the shares from the company; or in other words, the first purchaser. That is what makes the difference. The words "directly or indirectly" are used but they are used there in order that

the broker or underwriter might not be able to say: Well I did not get them directly from the company; it was my clerk or partner. Or it might be somebody else close to him but not the actual person who was offering the shares to the public. The amendment tries to make that clear. If it is not clear, of course I know my hon. friend will be only too glad to have it made clear. But as I apprehend the effect of my hon. friend's amendment, it does just one thing. It says to the company: When you dispose of shares, go and tell the Secretary of State if you have disposed of them for good and all, and if you do not do that it will be presumed that the person selling them to the public is offering them on your behalf and the prospectus provisions will apply. All a company has to do when it has actually disposed of shares, that is, has sold them, is to file a statement with, the Secretary of State that so many shares have been disposed of to So-and-so and then any disposition made by that person of those shares is not on behalf of the company. It is a good deal easier for the company to do that than for the public to attempt to prove that the sale was by or on behalf of the company. The amendment does not impose a very serious burden on the officers of the company and it will help very considerably to accomplish the object we are trying to attain here, namely, tightening up at least a bit these provisions with regard to prospectuses.

Mr. CAHAN: I admit the good intention of the hon. member for Last Mountain supported by the hon. member for Shelburne-Yarmouth in regard to the purpose of the amendment, but I suggest that as drawn it would mean that a company in respect of the sale of its shares would be compelled not only to return to the Secretary of State, as it does now, the number of shares which it has sold, because that is included in returns of capital, but also to indicate the persons to whom the shares were sold. I fail to see how you can distinguish between the purchaser of one share and the purchaser of one thousand shares, although the sale of one thousand shares may be made to a so-called investment banker who intends to resell them. I do not think we should go that far and make more complex regulations with regard to the sale of shares by an ordinary vendor to an ordinary vendee. We are now in this position with respect to dominion companies: we have imposed the most serious restrictions upon the company, upon the company's underwriters, upon any person who acts directly or indirectly as an agent of the company in putting out those shares to the public. When we have done that we have done all that is within the legislative competence of this parliament, and, moreover, of the nine provinces excepting one, each has imposed pains and penalties under the so-called securities acts upon those dealing with the subsequent sale of those shares. That is one thing that is necessarily beyond our jurisdiction, and I think the hon. member for Shelburne-Yarmouth would agree with me that to every practising lawyer, it would be of very great assistance if those provinces could agree upon enacting their securities acts in the same terms so that everyone would be fully informed as to the restrictions imposed with respect to subsequent sales of shares. That is about as far as we can now go, because to impose this duty as it is stated in the amendment would keep a company making affidavits and filing them with the Secretary of State week by week and month by month so long as the company might remain in existence. I hope the hon. member for Last Mountain will leave something to be amended or restricted in years to come because I trust he will long remain a member of parliament with ample opportunities in that regard.

Mr. RALSTON: I want to make it abundantly clear to the committee what the effect of the amendment is. In a word, it is the intention to have the company make it clear that such and such a person is not its agent. The person purveying the shares of the company who has dealt directly with the company in procuring those shares is presumed to be its agent unless the company files an affidavit saying that he is not. That is all there is in the amendment and I do not think that is imposing very much of a burden. When the Secretary of State spoke I thought perhaps that was a compromise he might accept.

Mr. CAHAN: At the time a public sale is being made the presumption is that the stockbroker or investment banker so-called is really acting as an underwriter within the terms of this clause, and in case the company sought to escape liability the burden of proof would be upon it to show that such and such a person was not its agent in placing those shares before the public. Let us look at the more comprehensive features of the clause, far more comprehensive than under any English Companies Act. Clause 76 which we have passed provides that:

Sections 74, 75, and sections 77 to 82 inclusive—

Which are the prospectus clauses.

—shall not apply in respect of an offer by a company of its securities—

(a) to existing holders of its securities exclusively, for subscription to or in exchange for the securities held by them, where no commission or other remuneration is paid or given directly or indirectly to others in connection with such transaction;

(b) to existing holders of its securities or to other creditors pursuant to an arrangement or compromise or reorganization—

Which is usually sanctioned by the courts. Those are excepted, but except for those exceptions every sale made by a company directly or indirectly by its underwriters or agents comes within these prospectus clauses. I think they are so extensive and stringent that it will be quite impossible for investment brokers who are actually underwriters or agents of the company to becloud or colour the issue by insisting that they are purchasers. In fact, the prospectus has to be sent out by the company. If the underwriter sends out a prospectus he is bound to make an affidavit that before he accepts an application for a single share the applicant has had the prospectus in his hands. This bill goes much further than that, it gives the purchaser a certain time in which he may renounce his contract if there is a single misstatement or misrepresentation in the terms of that prospectus. I hesitate to go much further at the present time.

Mr. RALSTON: The Secretary of State will notice that this amendment is only an amendment to section 75, which deals with just what he has spoken of, namely the obligation of the company to see that any applicant for shares has received a copy of the prospectus. If the idea were accepted a somewhat similar provision should appear in the other prospectus sections. To illustrate in a word what the section means; if Jones & Company are offering shares for sale, the company is liable under the prospectus section to see that a prospectus has been delivered to John Smith who applies to the company for shares, having been solicited to do so by Jones & Company. The company can easily get rid of that liability by filing with the Secretary of State at the time they make their arrangement with Jones & Company an affidavit stating that they have no interest in the sale by Jones & Company to Smith. We just come back to the old question: Is that throwing too much of a burden on the company? I submit that it is doing something in a very limited way to increase the protection to the public and to ensure to purchasers the benefit of these sections, which I admit are most liberal in their scope, in so far as they apply. The purpose is to place the burden of proof on the company rather than to make Smith prove that Jones & Company were acting for or on behalf of the company. That is the effect of the amendment. When my hon. friend thinks it over I believe he will agree with me that there is not one case in a hundred where the company offers its shares either by itself or on behalf of itself to the public, and he will realize therefore how very little practical use these prospectus sections are unless we have something that was suggested yesterday, either an amendment to the criminal code, uniform provincial legislation, or some more effective and valid provision in the companies act itself. I submit that this amendment is only going one very short step further in the hope of making these prospectus sections available to some who would not otherwise be able to take advantage of them because they would not be able to prove agency between the person who disposes of the shares and the company.

Mr. CAHAN: All I can say to the hon. gentleman is that perhaps in recent years my experience has not been so active, but in all these large issues made in Montreal in which I was counsel, sold by underwriters and agents, I prepared the prospectus of the company and had it published in the papers and sent out—

Mr. RALSTON: By the company itself?

Mr. CAHAN: The company itself, because I found that where a company was liable if it received applications directly or indirectly, that was the only way in which it could really absolve itself. I know my hon. friend has a large practice of the same kind, perhaps a large part of my former practice. My experience leads me to think that this bill pretty well covers the difficulty, and I do not like to enter upon ground here of which I cannot foresee the prejudicial result. As long as a company is completely responsible for itself and its officers and its underwriters or agents, then I think that is going about as far as we should go at the present time.

The CHAIRMAN (Mr. Gagnon): The amendment is withdrawn.

Section agreed to.

On section 76—Provisions not applicable in certain cases.

Mr. CAHAN: Hon. gentlemen will note that the word "to" in the second line of paragraph (a) should be deleted. It is simply a clerical error.

Mr. DUPRE: I move the amendment.

Amendment agreed to.

Section as amended agreed to.

On section 77—Specific requirements as to particulars of prospectus.

Mr. CAHAN: Since section 77 was held over I have given it careful study. In the votes and proceedings of May 16, a certain number of the proposed amendments are already printed. In paragraph (p), line 16, the words used are "in excess of." Attention has been called to the fact that the words "more than" would be more effective. Therefore at the suggestion of some hon. member, I do not remember who, I propose to substitute the words "more than" for the words "in excess of"; and for correctness to strike out the comma after the word "property" in line 17.

Mr. DUPRE: I move that amendment, Mr. Chairman.

Amendment agreed to.

Mr. CAHAN: In view of our discussion yesterday and the suggestion made by the hon. member for Macleod (Mr. Coote), I think, and also, I think, endorsed by the hon. member for Last Mountain (Mr. Butcher), further consideration has been given to the matter of the balance sheet which the auditors must certify. I now suggest that on page 44, in subsection (3), clause (a) (i) after the word "company" in the 39th line we insert the words "or if the company has any subsidiaries a consolidated balance sheet of the company and all its subsidiaries."

I think I gave the impression that in case of companies having subsidiaries I would insist that this should be done, and I think that this amendment would be helpful.

Then I have to suggest a similar amendment in the 51st line on page 44 by inserting after the word "company" the same words, "or if the company has any subsidiaries a consolidated balance sheet of the company and all its subsidiaries."

Then the same amendment in the 19th line of page 45.

Mr. BOTHWELL: Which line?

Mr. CAHAN: Line 19, page 45; the amendment is to add the words "and if the company has any subsidiaries such report shall be made with respect to the profits or losses of the company and all its subsidiaries." After careful consideration I suggest to hon. gentlemen that I have fully carried out the promise I made to review these clauses and make them more distinct than they were before.

Mr. DUPRE: I move these three amendments accordingly.

Mr. BURY: May I ask if this consolidated balance sheet of all the subsidiary companies involves particulars in respect of each or merely a summary of the financial standing of all the subsidiaries?

Mr. CAHAN: If the subsidiary companies are under this statute, under the other provisions they must make a full statement, but if one company is responsible for subsidiary companies it must present its own statement and in connection with that statement it must present a consolidated balance sheet in which all the material facts with respect to the profits and losses of its subsidiary companies shall appear. I think that is as far as I can go. I should like the approbation of the hon. member for Shelburne-Yarmouth in this, but I think that is as far as it is now possible to go.

Mr. RALSTON: It is a matter of accounting; I do not know very much about it. I should have thought the question of the hon. member for East Edmonton (Mr. Bury) very pertinent and the answer of the Secretary of State entirely correct, namely that you only require returns respecting companies which are under this act. I think what the committee wanted to be sure of was whether or not the company could by any chance mix up in the returns under this act the assets and liabilities of subsidiaries which are under other acts. It seems to me that it ought to be abundantly clear that under this act the company should present its own separate statement and, in addition certain particulars with regard to its subsidiaries.

Mr. CAHAN: I think that is true, that it has to make a consolidated statement showing in addition the profits or losses of its subsidiaries, and all material facts in relation thereto. I have consulted accountants; they think the amendment is going to an extreme, and that it will involve a great deal of additional labour. My reply has been that if the companies are wealthy enough to have subsidiaries they can pay the extra cost.

Mr. RALSTON: Some of the taxing authorities require companies to break down their balance statements and show all their subsidiaries in separate balance sheets.

Mr. BURY: As I understand it the information given will not enable a shareholder of the parent company to see exactly where or in what particulars the losses or profits of subsidiary companies are being made. He will have simply the general result of the operations of a number of subsidiary companies, and as between them he will not know which company is making money and which is not.

Mr. CAHAN: If the company has any subsidiaries a consolidated balance sheet of the company and all its subsidiaries is required under several of the clauses. Finally, if the company has any subsidiaries, such report shall be made with respect to profits and losses of the company and of all its subsidiaries. In other words, there should be a distinction between the profits and losses of the parent company and the profits and losses of the subsidiaries. That would allow any shareholder to ascertain the situation from the auditor at the general meeting.

Amendments agreed to.

Mr. CAHAN: I have one other suggestion to make in subsection (3), paragraph (c), at line 29 of page 45. The suggestion is that the words "and the nature and source thereof" be inserted after the word "business."

Mr. DUPRE: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 78, 79 and 80 agreed to.

On section 82—Unlawful to call at any house.

Mr. BOTHWELL: There is an amendment to this section in the votes and proceedings.

Mr. CAHAN: Quite so. It was drawn to my attention that although this canvass could not take place where the occupant resides permanently or temporarily, he might be called out to the side of the road for the purpose of being canvassed. I suggest that in subsection 2 of section 82 after the word "temporarily" in the eleventh line there be inserted the words "and any premises appurtenant thereto."

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Section 83 agreed to.

[Mr. Ralston.]

On section 96—Liability of directors for wages unsatisfied.

Mr. BUTCHER: Has the minister considered the advisability of changing the word "two" in line 18 to the word "six" to make it correspond with a similar section in part 3?

Mr. CAHAN: I assume we ought to have the same term in the both cases, if the hon. gentleman will move it.

Mr. BUTCHER: I move, Mr. Chairman, to substitute the word "six" for the word "two" in line 18 of section 96.

Mr. RALSTON: I never could understand why a director should be personally liable for wages.

Mr. CAHAN: The provision was inserted many years ago when directors were the whole company and each was made liable for the employee's wages. I do not think it was ever intended to apply to companies which have many thousands of employees and in respect to whom a director would unwillingly become liable for such large arrears of wages, but as we have made a similar amendment in another part we are consistent in accepting this amendment.

Amendment agreed to.

Section as amended agreed to.

Sections 108, 114 and 115 agreed to.

On section 120—Report.

Mr. BUTCHER: I move, Mr. Chairman, to amend subsection 2 by inserting between the words "entitled" and "to" in the twenty-ninth line of page 71 the words "or on the request of shareholders holding ten per cent of the stock or ten per cent of any class of stock shall be required to."

Mr. CAHAN: The hon. gentleman gave me notice of this amendment, and I made some inquiry in regard to it. I am informed that it is part of the domestic discipline in the regulations of auditors in all their auditors' associations that they attend upon the request of any shareholders who are interested inasmuch as they represent the shareholders. It is therefore their present practice to attend but this amendment which suggests that they should attend on the request of shareholders holding ten per cent of any class of stock, would not prove very effective. It would seem to impose upon them no duty to attend unless some shareholders undertook the task of seeking out individual shareholders and asking them to sign a request of this kind. The

amendment is not objectionable to me but I am told that such is the practice of the auditors, and perhaps the amendment would impose the difficult task of securing the written request of ten per cent of any class of shareholders, thereby making it more difficult than it is now.

Mr. BUTCHER: I withdraw the amendment after what the Secretary of State has said.

Amendment (Mr. Butcher) withdrawn.

Section agreed to.

On section 182—Contracts by agents and officers.

Mr. CAHAN: I think we might amend this as we did section 18.

Mr. DUPRE: I move, Mr. Chairman, to strike out subsection 1 and to substitute the following therefor:

Every contract, agreement, engagement or bargain made, and every bill of exchange drawn, accepted or endorsed, and every promissory note and cheque made, drawn or endorsed on behalf of the company, by any agent, officer or servant of the company, within the apparent scope of his authority as such agent, officer or servant, shall be binding upon the company.

Amendment agreed to.

Section as amended agreed to.

Section 182 agreed to.

Mr. CAHAN: Before reporting the bill I move, Mr. Chairman, that it be reprinted with the amendments that have been made.

Motion agreed to.

Bill reported.

SUPPLY

POST OFFICE DEPARTMENT

The house in committee of supply, Mr. MacDonald (Cape Breton South) in the chair.

Salaries, including amounts required to pay allowances to office appliance operators, grade 2, operating mechanical audit card punching machines in accordance with the terms of order in council P.C. 280/383, dated February 17, 1930; and to pay allowances to typists, grade 1, employed cutting stencils in accordance with regulations approved by order in council; and to provide for continuance in office of G. C. Anderson, as superintendent of mail contracts from April 1, 1934, to March 31, 1935, $1,145,124; contingencies, $174,840.

Mr. CASGRAIN (Translation): Can the minister furnish the house with details?

Hon. ARTHUR SAUVE (Postmaster General) (Translation): Quite easily. I am informed that the amount requested covers statutory expenditure. There is no new feature. The amount has been voted each year because it is required for the good administration of the department.

Mr. CASGRAIN (Translation): It is for the employees?

Mr. SAUVE (Translation): Yes.

Mr. CASGRAIN (Translation): The employees in the various branches?

Mr. SAUVE (Translation): Yes, inside service.

Mr. MERCIER (St. Henri) (Translation): Can the hon. minister state how many typists grade 1 there are, or must we read the English version of the estimates "and to pay allowances to typists grade 1 employed in cutting stencils." How many typists are in the department?

Mr. SAUVE (Translation): The hon. member will admit that it is rather difficult to state off hand how many typists there are. I wonder whether there are any.

Mr. MERCIER (St. Henri) (Translation): At page 9 of the estimates one finds: "Salaries, including amounts required to pay allowances to office appliance operators—

Mr. SAUVE (Translation): They are not typists, they are operators in charge of punching machines.

Mr. MERCIER (St. Henri) (Translation): —and to pay allowances to typists grade 1, employed cutting stencils—

Mr. SAUVE (Translation): There are twelve.

Mr. BOUCHARD (Translation): Will the hon. minister inform the house as to how many translators there are in his department, how many hours they work per day and how it is possible for them to work for other departments? I think they do some translation for the tariff commission.

Mr. SAUVE (Translation: We have six translators. I am not aware that they work for the tariff commission. However, it is possible, under certain circumstances.

Mr. CASGRAIN (Translation): May I inquire of the hon. minister whether a decision has been taken in connection with the position of Deputy Postmaster General? Does the official who was the assistant of the Deputy Minister act at present as Deputy Minister or has he been appointed to the position?

Mr. SAUVE (Translation): The Deputy Postmaster General who retired has not yet been replaced.

Mr. CASGRAIN (Translation): Has the government the intention of replacing him in the near future?

Mr. SAUVE (Translation): I think so, in fact, I feel certain.

Mr. CASGRAIN (Translation): Could the Postmaster General state whether Mr. Boutet is employed by his department and what are his duties.

Mr. SAUVE (Translation): I think that a reply has already been given to this question. Yes, he is secretary to the executive.

Mr. BOUCHARD (Translation): Would the hon. Postmaster General accept a suggestion from the opposition as regards the appointment of the future Deputy Postmaster General?

Mr. SAUVE (Translation): The Postmaster General is willing to consider any suggestion made to him and accept the most suitable.

Mr. REID: I should like to make another appeal to the minister on behalf of fifty-four householders in the city of New Westminster who are desirous of obtaining a house to house delivery of mail. I wrote to the minister on February 9 while he was away and received a reply from his deputy that he did not think the department could carry out this improvement this year. I think the circumstances are such that the minister should hear the case. This is not a case of fifty-four residents living outside the city or in a far off section, they live within the city of New Westminster and they are desirous of having their mail delivered at their doors. I would direct the attention of the minister to the fact that people who live around this particular area in which these people live receive house to house deliveries. It causes a good deal of inconvenience because they have to go eight or nine blocks and boxes have to be erected. These boxes are very often interfered with. In view of the fact that they are living in a well populated district, I am appealing to the minister to reconsider the case of these fifty-four householders and see whether it is not possible to provide a house to house delivery. With some rearrangement this could be accomplished.

Mr. SAUVE: I thank the hon. member for his representations. The matter is under consideration.

Mr. CASGRAIN (Translation): At the end of the item under consideration I find: "And to provide for continuance in office of G. C. Anderson, as superintendent of mail contracts from April 1, 1934, to March 31, 1935." Am I to understand that this item will be voted from year to year or is it anticipated that this official will retire from the service.

Mr. SAUVE (Translation): It is to be anticipated.

Mr. CASGRAIN (Translation): What is the age of this official?

Mr. SAUVE (Translation): I think he is over 70 years of age.

Mr. CASGRAIN (Translation): At what age, generally, does the Civil Service Act oblige employees to retire ?

Mr. SAUVE (Translation): At sixty-five years. In the present case, the Postmaster General had to revert to precedents which seemed to him well founded.

Mr. MERCIER (St. Henri) (Translation): Moreover, a man is as old as he feels.

Mr. DUPRE (Translation): Not always.

Mr. MERCIER (St. Henri) (Translation): If he is an efficient employee, keep him.

Mr VENIOT (Translation): It is worth an order in council to keep him at work.

Mr. POULIOT (Translation): I am pleased to note that the hon. Postmaster General has returned from his trip. I would like to inquire of him as to how many postmasters have been dismissed, for political partisanship since August, 1930.

Mr. SAUVE (Translation): The hon. member for Témiscouata (Mr. Pouliot) whose return, after a few days of absence, I am pleased to note, will allow me to point out to him that the question rather concerns the outside service. Will he accept my suggestion and put the question when we take up the estimates of the outside service?

Mr. POULIOT (Translation): Shall we take up the outside service afterwards?

Mr. SAUVE (Translation): Yes.

Mr. POULIOT (Translation): I regret to note, in the item under consideration, that the Postmaster General is keeping, in the service of the Post Office Department, Mr. Anderson who has passed, long ago, the age limit. The minister is well aware that the person who is doing all the work is Mr. Saint-Germain, a very humble and competent official who is entitled to promotion. Mr. Anderson simply smokes his pipe, says he is a

friend of every member and makes the other do the work. I think it would be proper for the Postmaster General, who is in the habit of displaying his patriotism, to grant this promotion to Mr. Saint-Germain, who is as worthy as he is humble, and to alter this item so as to give Mr. Anderson the pension to which he is entitled.

Mr. CASGRAIN (Translation): Before the Postmaster General replies I wish to add a few words to what the hon. member for Témiscouata has just said. I am well acquainted with Mr. Anderson and I hold nothing against him. He is an official who has had much experience and has rendered great services to the Post Office Department, however, as the hon. member for Témiscouata stated, when an employee has been in the service of the state for many years after attaining the age fixed by the act for retirement, he prevents the promotion of all other employees of a lower rank. These employees receive no encouragement because they are aware that they cannot be promoted as long as this old official is not retired. Mr. Saint-Germain is as competent as any other employee in the department. I was acquainted with him at the university. He was a law student at the university of Montreal, in my time. I am aware that he has successfully passed his examinations and, to-day, occupies a high post without receiving the salary to which he is entitled. I cannot believe that Mr. Anderson, in the opinion of those who administer the department to-day is absolutely indispensable. Mr. Anderson acquired his efficiency since he is in the department. I think it most unfair to keep in the service employees who have passed the retiring age, because they are an obstacle, during numerous years, to the promotion of employees having the required qualification to give excellent service to the state. Moreover, this is of a nature to discourage personal initiative of employees. They have not the same interest to work because there is no promotion ahead owing to employees, who should be retired, clinging indefinitely to their position. Were the latter to retire, they would still have their pension. I am not referring to Mr. Anderson, but simply to the principle involved. It is unfair to deprive of promotion those who have worked and possess the required qualifications to fill higher posts, simply because persons who, at present, fill those positions are not retired although according to the Civil Service Act they should be.

If it were a matter of great emergency, for instance, in a time of war, when a deputy minister owing to his special and considerable experience at the head of his department or to the wide knowledge and indispensable information he has, I could understand that it would be difficult to replace him, and under the circumstances, an exception could be made, but the present case in not so. I wish it to be well understood that my remarks are not directed against Mr. Anderson personally—I highly esteem and respect him—however, it is a question of principle and administration.

Mr. MERCIER (St. Henri) (Translation): How long ago should he have been retired?

Mr. CASGRAIN (Translation): He is seventy-six years old.

Mr. SAUVE (Translation): What?

Mr. MERCIER (St. Henri) (Translation): In what year should he have been retired?

Mr. SAUVE (Translation): According to the letter of the law, before I took office.

Mr. MERCIER (St. Henri) (Translation): Then, he was kept on.

Mr. VENIOT (Translation): Mr. Chairman, it is a fact that Mr. Anderson was kept on previous to the hon. Postmaster General taking office, when he had already reached the age of 70, and if I am not mistaken, there was an order in council passed in this respect. The intention was then to continue the services of Mr. Anderson until a reorganization of the staff of the department could be carried out. I really believe, especially, in these times when economy must be practised, that it is unnecessary to have a superintendent of mail contracts and that the reorganization of that departmental branch would permit saving the salary of this official who receives about $4,000 per year, while the results obtained would be the same, if not better. I am not opposed to having Mr. Anderson remain in the department while awaiting the reorganization of the branch; however, I think there is cause to criticize the department for not having carried out, in these days of depression, this reorganization. I wish to point out to the hon. Postmaster General the fact that a reorganization of this branch of the administration would save money to the country.

Mr. SAUVE (Translation): I wish to thank the hon. member, the ex-Postmaster General, for his suggestions. Apparently, he is aware that we have already begun a fusion and that we intend to continue the work of reorganizing.

Mr. CASGRAIN (Translation): To what fusion does the hon. Postmaster General refer?

Mr. SAUVE (Translation): The staffs of the publicity bureau and the secretary's office.

Mr. CASGRAIN (Translation): Who is the secretary of the department?

Mr. SAUVE (Translation): Mr. Hormisdas Beaulieu.

Mr. POULIOT (Translation): The hon. member for Gloucester must recall that when he was Postmaster General, I had occasion to complain about Mr. Anderson, and I still insist that Mr. Anderson should be retired, which would permit him to live honourably. I do not agree with the views of the hon. member for Gloucester. with reference to abolishing that position. When an employee in a department carries out his duties, he is entitled to a promotion, and it is not because salaries have been reduced 10 per cent at present that we should abolish an important post to which employees may aspire. I now wish to draw the attention of the Postmaster General to another official. I want to ask him whether Mr. Edgar Boutet is paid out of this item.

Mr. SAUVE (Translation): Certainly.

Mr. POULIOT (Translation): Is the Postmaster General aware that this person is secretary to the executive? That is the first part of my question. The second is: what are the duties of the executive of a department? I should like to be furnished with information in this respect.

Mr. SAUVE (Translation): To the first question, I reply yes. To the second, the executive of the Post Office department is similar to that of other departments.

Mr. MERCIER (St. Henri) (Translation): Who are the persons that form part of the executive?

Mr. SAUVE (Translation): The Postmaster General, the Deputy Postmaster General, the Assistant Deputy, the Secretary of the department, the private secretary of the minister and the secretary of Postmaster General's office. Mr. Boutet is secretary of the latter.

Mr. POULIOT (Translation): According to the hon. Postmaster General's statement, I understand that it is a kind of departmental council and, therefore, the duties of Mr. Boutet are those of a civil servant.

[Mr. Sauvé.]

Mr. SAUVE (Translation): No.

Mr. POULIOT (Translation): What is the difference between the private secretary and the secretary to the executive.

Mr. SAUVE (Translation): The Postmaster General like all other ministers is entitled to a certain number of employees.

Mr. CASGRAIN (Translation): How many?

Mr. SAUVE (Translation): Five.

Mr. CASGRAIN (Translation): What are the names of the employees to whom he has a right?

Mr. SAUVE (Translation): Their names are of no importance, he is entitled to five. Mr. Boutet carries out the duties that another person performed before I took office. Formerly it was Mr. Lalonde and before him Miss Thériault, if I am not mistaken. Mr. Boutet replaced Mr. Lalonde.

Mr. LAPOINTE (Translation): I am amazed to hear the hon. Postmaster General state that the secretary to the executive in a department is not a civil servant. It is true that by virtue of an agreement with the Civil Service Commission, a minister is entitled to appoint certain employees such as a secretary to the executive, a stenographer, a confidential messenger, also his private secretary; however, these employees are civil servants.

Mr. SAUVE (Translation): No.

Mr. LAPOINTE (Translation): The only difference is that it is not necessary that they should be appointed by the Civil Service Commission. Their salaries appear in the budget of the civil service of each department. The position they occupy is included in the estimates and they are absolutely governed by the same rules as other civil servants. To state that these employees may take an active part in politics is absolutely contrary to all recognized principles.

Mr. SAUVE (Translation): I did not say active politics.

Mr. LAPOINTE (Translation): Looking at things in this light, all ministers could appoint four or five partisans who could meddle in politics and take an active part in electoral controversies. It was never done—and my hon. friend can take my word for it—before he laid down this principle as the only one which should prevail. I am aware that the private secretary has to look after the political correspondence of his minister, however, I shall not go as far as to state that a private secretary, paid by the state,

may also take an active part in electoral controversies. At least, he would be more entitled to do so than the secretary to the executive who, personally, works for the department like the stenographers and other employees who, under an agreement with the Civil Service Commission, are exempted from passing tests and from certain other provisions of the act. However, the provision of the act which prohibits civil servants taking an active part in politics, certainly applies to those employees. I do not know what Mr. Boutet's work is, I did not even know that he was employed in the Post Office Department, but frankly, if he is now an election organizer, the minister should not tolerate such conduct.

Mr. SAUVE (Translation): Mr. Boutet is certainly not an organizer in the present election.

Mr. LAPOINTE (Translation): I do not know.

Mr. MERCIER (St. Henri) (Translation): Louder!

Mr. SAUVE (Translation): Mr. Boutet is certainly not an organizer in any election at present. As secretary to the executive Mr. Boutet is not a permanent employee.

Mr. LAPOINTE (Translation): No, but he is a civil servant.

Mr. SAUVE (Translation): He is there for a definite period but not permanently.

Mr. MERCIER (St. Henri) (Translation): What are his working hours?

Mr. SAUVE (Translation): I am not ashamed to state what are the working hours of Mr. Boutet, because he does not simply tie himself down to the regulation hours, but he is at his office from 8 a.m. There is no one who is more methodical in departmental work.

Mr. DUBOIS (Translation): Did Mr. Boutet pass any examination before entering the service of the department?

Mr. SAUVE (Translation): It was unnecessary. The ex-Postmaster General can supply the information. I simply followed his example. I took in the same number of employees as he did. That is all.

Mr. VENIOT (Translation): The Postmaster General has just stated that he followed my example. Not in everything.

Mr. SAUVE (Translation): With reference to the subject under discussion.

Mr. VENIOT (Translation): The hon. Postmaster General followed my example as regards the way that this employee was chosen; he was not amenable to the Civil Service Act, that is true, but may I say to the hon. Postmaster General that while I had the honour of being at the head of the Post Office Department, I did not allow my private secretary or the secretary clerk—I did not allow either one or the other to meddle in politics and even my political correspondence did not pass through their hands. I attended to this work personally, as all ministers should do, and I requested these two officials to simply attend to the official correspondence.

Mr. POULIOT (Translation): May I inquire of the Postmaster General whether he is aware that this person is, if not one of the organizers at least one of those who prepare the campaign literature for the Conservative party in connection with the provincial election in Ontario, and especially for the counties of Prescott and Russell?

Mr. SAUVE (Translation): Not to my knowledge. I wish to state that since Mr. Boutet has been employed by the Post Office Department he has received no instruction either directly or indirectly from the Postmaster General to take an active part in politics.

Mr. MERCIER (St. Henri) (Translation): What is his salary?

Mr. LAPOINTE (Translation): Did he receive instructions from the Postmaster General not to take an active part?

Mr. SAUVE (Translation): His instructions from the Postmaster General were to carry out his duties, all his duties, in the department.

Mr. LAPOINTE (Translation): Nothing with reference to politics?

Mr. SAUVE (Translation): I expressed the wish that he should attend to his department and I do not think that, since my return, he has publicly meddled in any way in politics—I do not think so.

Mr. RAYMOND (Translation): The hon. Postmaster General gave him no orders?

Mr. MERCIER (St. Henri) (Translation): What is his salary?

Mr. SAUVE (Translation): $2,100.

Mr. CASGRAIN (Translation): Did the Postmaster General instruct him not to meddle in politics ?

Mr. SAUVE (Translation): Yes.

Mr. RAYMOND (Translation): It is not a wish, then?

Mr. SAUVE (Translation): To avoid any criticism on the part of those who might find fault with his conduct, I wish to add that Mr. Boutet is an intelligent man; he has rendered services in the past—

Mr. RAYMOND (Translation): To the Conservative party.

Mr. SAUVE (Translation): I would request the hon. member for Beauharnois (Mr. Raymond) not to be so narrow-minded on this subject. We cannot restrict Mr. Boutet's activities to the Conservative party; he is so kindly disposed that he can render services to the hon. member for Beauharnois, should he request him to do so.

Mr. RAYMOND (Translation): It is not a matter of narrow-mindedness, it is a question of knowing the facts.

Mr. SAUVE (Translation): Mr. Boutet is a very intelligent person. He may, in the past, have written for various newspapers; however, since he has been on the departmental staff, I do not think that he has written for these newspapers. At least, so far as I am aware—especially since my return —I do not think that he has written for any newspapers.

Mr. POULIOT (Translation): Can the Postmaster General state why his salary was reduced from $2,200 to $2,100, following an order in council?

Mr. SAUVE (Translation): It was to regularize his position.

Mr. POULIOT: (Translation): How, regularize? He was first appointed at $2,200; a few days later, an order in council reduced his salary to $2,100. Why was his salary reduced $100? Was it to give him a warning or teach him a lesson?

Mr. SAUVE (Translation): Not at all.

Mr. DUPRE (Translation): At the time, the hon. Postmaster General was absent in Europe, we found out that the salary we had granted to Mr. Boutet—I do not recall what was the amount, $3,000, I think, the amount matters little—was not the regular salary to which he was entitled. To correct this irregularity, we passed a second order in council granting him the salary to which he was entitled, according to his position.

Mr. POULIOT (Translation): I regret to note that the memory of the hon. Solicitor General (Mr. Dupré) is at fault. The two orders in council were passed in November and December, previous to the departure of the hon. Postmaster General in January. Therefore, the hon. Postmaster General was here when these two orders in council were passed. Perhaps he was not present at this cabinet meeting, however, he was in Canada.

Mr. DUPRE (Translation): I do not wish to contradict the hon. member. I think he is right when he states that the first order in council was passed when the hon. Postmaster General was present. However, if I remember right—I speak from memory—we discovered later on that he was not entitled to the salary we had granted him. That was the only reason why we subsequently put things right by order in council.

Mr. MERCIER (St. Henri) (Translation): Did he not receive any payment on account on the salary to which he was not entitled?

Mr. DUPRE (Translation): No, none.

Mr. MERCIER (St. Henri) (Translation): Then, there is no reimbursement to be made?

Mr. DUPRE (Translation): No. Not only this, in order to set matters right, he received no salary during a month he was in the Post Office Department, because we thought it was not regular and Mr. Boutet owing to this lost nearly a month's salary.

Mr. POULIOT (Translation): What the hon. minister has just stated would have astonished me less had it come from the lips of one of his colleagues. The Postmaster General has dismissed hundreds of postmasters, wrongfully charged of taking an active part in politics. I quoted numerous cases of flagrant injustice, cases where poor chaps who had never meddled in politics were dismissed on the charge, without any evidence of persons who coveted their position. In such cases the commissioner making the inquiry, wishing to please his party expressed the opinion that the postmaster had meddled in politics and should be dismissed, and, almost invariably the position was given to the person who had made the charge. To-day, the Postmaster General protects a person who is only qualified to alter texts, the correspondent of a newspaper which misquotes the speeches of Liberals, a person who has no moral conscience. I am amazed that the Postmaster General and the Solicitor General plead in his favour. Surely there are among their supporters many persons more worthy than this individual.

In the absence of the Postmaster General, the right hon. Prime Minister (Mr. Bennett)

stated that he recognized the right of the secretary to the executive to meddle in politics. I do not see how an employee has the right to take an active part in politics while postmasters are dismissed even when they keep out of politics, simply because they are charged with political partisanship by people who wish to step into their position.

I ask the hon. Postmaster General whether he would be willing to hold an inquiry on the dealings of Boutet, during his absence and to ascertain whether he is, if not the organizer, at least one of the editors of the conservative campaign literature for the provincial election, in the French speaking counties located along the Ottawa river?

Mr. SAUVE (Translation): Certainly.

Mr. POULIOT (Translation): The answer of the hon. Postmaster General is satisfactory to me, providing he can communicate the findings of the inquiry before the end of the session. The hon. Postmaster General nods affirmatively and I wish to thank him.

Now, sir, I wish to inquire of the Postmaster General whether this item includes his travelling expenses to Europe and Asia?

Mr. SAUVE (Translation): No, I do not think so.

Mr. MERCIER (St. Henri) (Translation): He went around the world three times!

Mr. SAUVE (Translation): I did not quite catch the question of the hon. member.

Mr. POULIOT (Translation): I cannot imagine how the Postmaster General who saw so many attractive things at the outset of the session, has forgotten them so soon; he does not remember visiting the bewailing walls of Jerusalem, having seen king Fuad, in Egypt, having met Mr. Mussolini, in Italy, the President of the French Republic, in Paris and His Majesty King George V of Great Britain. I think he holds a record, for no other Canadian minister has been so privileged during a session of parliament, to meet so many distinguished persons.

During the absence of the hon. Postmaster General, I had occasion to ask a few questions. I would request him to kindly reply to some others; however, before putting them I wish to lay down the preliminaries. I find no fault with the Postmaster General's trip to attend the postal congress at Cairo. It was quite the thing, and quite in order, however, what amazed me were his numerous travels abroad while we were lonesome for him and were deprived in the house of his pleasant smile. Those were the reasons why we so much insisted that he should return to this country. We were unhappy, there was a void in the house which no one could fill. It is true that the hon. Solicitor General did his best—

Mr. DUPRE (Translation): He could not fill that void.

Mr. POULIOT (Translation): —however, it was not the same and we missed the presence of the hon. Postmaster General.

I had occasion to obtain copies of a few orders in council from which I gathered that the Postmaster General's mission, at the congress at Cairo, was to watch over the deliberations. I wondered whether he simply was satisfied with giving his instructions to the distinguished persons who met there and whether, afterwards, he trusted their sense of duty and allowed them to carry on their work while he was fulfilling another mission.

Mr. BOUCHARD (Translation): While he himself acted in a "caire-less" way.

Mr. POULIOT (Translation): I wish to inquire of the Postmaster General whether there was an order in council entrusting him with another mission than that of attending to the Postal Congress at Cairo and taking part in the deliberations.

Mr. SAUVE (Translation): There was no other order in council than the one authorizing the Postmaster General to take part in the Postal Congress, at Cairo. It was not possible for the Postmaster General to go there by a direct route, he had to make certain stops. He served his country the best he could at that congress. I do not contend that the hon. member for Témiscouata might have served it better—I shall not gainsay that—however, wherever the Postmaster General went he endeavoured to represent his country the best he could.

Mr. DUPRE (Translation): Hear, hear!

Mr. SAUVE (Translation): As far as expenses go I think the Post Office Department saved sufficiently last year, on the travelling expenses of employees to cover those of this delegation.

Mr. MERCIER (St. Henri) (Translation): You practised thrift so that you might travel, that is economy!

Mr. SAUVE (Translation): The hon. member for St. Henri has a particular way to jump at conclusions and give any interpretation but the right one to certain questions. As to the bewailing walls, I made no stop there, I simply passed by so as to see whether they resembled the one we have in Canada.

Mr. POULIOT (Translation): There are walls which speak. However, what I regret very much is that the Canadian government did not think proper to confide a diplomatic mission to the hon. Postmaster General. I feel sure that he would have well performed such a task.

He now states that he was to take part in the postal congress at Cairo. I wish to inquire of him as to how long this congress lasted and at how many sittings he was present.

The ACTING CHAIRMAN (Mr. Gagnon) (Translation): I am absolutely at the disposal of the committee; however, I wish to point out that the question under discussion is not relevant to this item.

Mr. POULIOT (Translation): I rise to a point of order.

Mr. SAUVE (Translation): I have no objection.

Mr. LAPOINTE (Translation): It will expedite matters.

Mr. SAUVE (Translation): Will the hon. member repeat his question?

Mr. POULIOT (Translation): How long did the congress at Cairo last and at how many sittings was the Postmaster General present?

Mr. SAUVE (Translation): The congress lasted seven weeks.

Mr. POULIOT (Translation): At how many sittings was the Postmaster General present?

Mr. SAUVE (Translation): I was present at all sittings during my two weeks' stay in Cairo.

Mr. POULIOT (Translation): In other words the hon. Postmaster General missed the sittings of the congress for five weeks, he was present at two-sevenths of the sittings. However, this does not tell us at how many sittings he was present. He states that he was present during fifteen days, that is all right, however, I greatly regret that the Postmaster General was not present at all the sittings. May I inquire of the Postmaster General as to what were the questions discussed while he was present and during his absence.

Mr. SAUVE (Translation): The report has not yet been prepared; it will be submitted to the house next session. I am sure that the hon. member for Témiscouata will approve of it; he will find all the information he desires in this report which will be attached to the one of the Postmaster General.

[Mr. Sauvé.]

Mr. LAPOINTE (Translation): Who will present it next session?

Mr. SAUVE (Translation): The one designated by providence.

Mr. MERCIER (St. Henri) (Translation): How many nations were represented at the postal congress held in Cairo.

Mr. SAUVE (Translation): Eighty-six nations were represented at that congress.

Mr. CASGRAIN (Translation): What were the names of the members of the Canadian delegation?

Mr. MERCIER (St. Henri) (Translation): What had King Fuad to do with this congress?

Mr. SAUVE (Translation): The hon. member for St. Henri will admit that my mission was not to inquire about King Fuad's actions.

Mr. MERCIER (St. Henri) (Translation): Was he entitled to attend the sittings of the congress? Did he make any suggestions? Kings are not of a daily occurrence, because crowned heads are few.

Mr. SAUVE (Translation) The secretariat of this congress was perfectly aware that it was not proper to invite the king to attend the sittings and, therefore, did not invite him.

Mr. MERCIER (St. Henri) (Translation): Was he in your company when you visited the pyramids and the sphinx?

Mr. SAUVE (Translation): Will the hon. member for St. Henri kindly put his question intelligently so that I may reply.

Mr. MERCIER (St. Henri) (Translation): On the other hand, the pyramids twenty centuries old passed in review before the Postmaster General.

Mr. LAPOINTE (Translation): Forty centuries.

Mr. SAUVE (Translation): More than that.

Mr. POULIOT (Translation): Does this item include the publication of the album presented to the delegates?

Mr. SAUVE (Translation): No.

Mr. POULIOT (Translation): Does it include the travelling expenses of the delegates to British Columbia, last year?

Mr. SAUVE (Translation): No.

Mr. MERCIER (St. Henri) (Translation): Mr. Chairman, I have heard a great deal of this album of the Post Office Department which created such a sensation in parliament,

among the public and in the press of this country, and which apparently was responsible for the former Deputy Postmaster General, Mr. Gaboury, being suspended. Will the hon. Postmaster General narrate, briefly, the famous history, or legend of this postal album?

Mr. SAUVE (Translation): I am not aware of any legend on the subject.

Mr. MERCIER (St. Henri) (Translation): Then all that was said is true?

Mr. SAUVE (Translation): I beg your pardon? Will the hon. member complete his question?

Mr. MERCIER (St. Henri) (Translation): I wish to know all about the publication of this postal album distributed in Cairo and which was the cause of the dismissal of the former deputy minister of your department, during your absence.

Mr. SAUVE (Translation): It was not during my absence. It is difficult to reply to the questions of the hon. member for St. Henri, because they somewhat are at variance with the facts, they should be more to the point. First, there is no postal album. Then the deputy minister was neither suspended nor dismissed in connection with the album.

In March 1933, Mr. Webster, the secretary of the department had planned to publish a souvenir-album on the occasion of the meeting of the executive committee which was to be held in the course of the summer, at Ottawa. A representative of the printing office of the Gazette had put in a tender. Thinking that this album would be too expensive, I instructed Mr. Webster, in the presence of Mr. Gaboury to drop the matter, for reasons of economy.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MERCIER (St. Henri) (Translation): I think that the hon. Postmaster General was giving us the history of the postal album.

Mr. SAUVE (Translation): The history is a short one. I was stating that the department had planned to publish an album. Tenders were requested but the Postmaster General thought that, under the circumstances, the cost was too high—since we practise, in the department, a policy of strict economy—and decided that no album would be published. Mr. Webster, the secretary of the department received instruction not to take any further steps in respect to this album. Later on I heard that an album had been prepared. I was assured, however, that such was not the case. After certain inquiries or investigation, I discovered that an album had been prepared and the secretary of the department informed me then—

Mr. MERCIER (St. Henri) (Translation): Mr. Webster?

Mr. SAUVE (Translation): Yes, Mr. Webster.

—that there was an album but that the cost had been defrayed by the Pacific company.

Mr. MERCIER (St. Henri) (Translation): What was the cost?

Mr. SAUVE (Translation): I shall state it.

Mr. VENIOT (Translation): Paid by whom?

Mr. SAUVE (Translation): Paid by the Pacific company, according to Mr. Webster. One day I received an album to be forwarded to His Majesty the King with the compliments of the Postmaster General. I replied: if the Pacific company is paying the cost of this album, they are the ones who should forward it to His Majesty; and I refused to sign. Later on, after a further inquiry, we found out that the album had been paid out of the funds of the department.

Mr. MERCIER (St. Henri) (Translation): What amount was paid?

Mr. SAUVE (Translation): $21 per copy.

Mr. MERCIER (St. Henri) (Translation): How many copies were there?

Mr. SAUVE (Translation): 200 copies.

Mr. VENIOT (Translation): $4,000.

Mr. SAUVE (Translation): The answer was given in the course of the session: $4,000.

If I may be allowed, as I have been asked to give the history of this album, I shall complete it. It was then that Mr. Webster was suspended, and he later confessed, in a written statement, that he had been guilty of insubordination, of having disobeyed the instructions of the Minister. After a number of days, he was reinstated.

Of course, a number of these copies were turned over to the department and we forwarded one to all the delegates to the Congress. The surplus was distributed among very respectable people.

Mr. BOUCHARD (Translation): I did not receive one.

Mr. SAUVE (Translation): I regret it very much, had I distributed them to all who would have liked to have a copy, after examining them, it would have cost some $20,000.

Mr. MERCIER (St. Henri) (Translation): What was the amount paid for these albums?

Mr. SAUVE (Translation): $4,000.

Mr. MERCIER (St. Henri) (Translation): What firm printed them.

Mr. SAUVE (Translation): The Gazette Printing Co.

Mr. MERCIER (St. Henri) (Translation): The Gazette Printing Co?

Mr. SAUVE (Translation): Yes, the Gazette Printing Company.

Mr. MERCIER (St. Henri) (Translation): Of Montreal?

Mr. RAYMOND (Translation): You state that you forwarded them to respectable people. Who made out the list of these respectable people?

Mr. SAUVE (Translation): There was no list properly speaking. As the opportunity presented itself, we sent a copy.

Mr. RAYMOND (Translation): At the request of some one?

Mr. SAUVE (Translation): Yes, sometimes. At other times, it was left to the discretion of the Postmaster General.

Mr. RAYMOND (Translation): How many were thus distributed?

Mr. SAUVE (Translation): I do not know the exact number. What remained.

Mr. MERCIER (St. Henri) (Translation): Are there any more at the department?

Mr. SAUVE (Translation): I do not think so. Perhaps, one or two copies.

Mr. MERCIER (St. Henri) (Translation): Has the government the intention of having others printed for members?

Mr. SAUVE (Translation): No, because I always was opposed to the printing of this album. I wish to be rational.

Mr. MERCIER (St. Henri) (Translation): How many employees are there at present, in the inside service?—the total only.

Mr. SAUVE (Translation): 830.

Mr. RAYMOND (Translation): How many were there when you took over the department?

Mr. SAUVE (Translation): A few more, about a hundred more.

Mr. MERCIER (St. Henri) (Translation): Am I to conclude that there has not been, to your knowledge, any examination held by the Civil Service Commission, since 1930 for positions in the Post Office Department?

Mr. SAUVE (Translation): No, none.

Mr. MERCIER (St. Henri) (Translation): Can you state how many employees have been placed on the retired list since two years?

Mr. SAUVE (Translation): I cannot state the exact figures however, I think it is about forty—forty or fifty.

Mr. BOUCHARD (Translation): Mr. Chairman, I do not know whether my question has reference to the item under discussion. When the hon. Postmaster General figures out the revenue of his department, how does he proceed to separate the postage stamps which have been used on letters and those used on cheques which should be credited rather to the National Revenue Department? Has he any method of doing so? For instance, if I forward a cheque, or if I receive one from the hon. Postmaster General, with a three cents stamp, it may be a postage stamp or again it may be a national revenue stamp. In drawing up his balance sheet and determining the revenue of the Post Office Department; how can he tell whether a certain amount should be exclusively attributed to his department or what portion should be attributed to the national revenue.

Mr. SAUVE (Translation): It is not an easy task to reply to the question of the hon. member for Kamouraska. I have not the details with me, however, I am aware that if we had to constantly separate the returns on both stamps it would be very costly to the department.

Mr. BOUCHARD (Translation): I am not criticizing the policy followed by the department in this respect. Only, when later, and perhaps in the near future—I hope it will be as soon as possible—the public will be informed that the Post Office Department shows a considerable surplus, that the department was so well managed that surpluses were obtained which did not exist under the regime of the predecessor of the present Postmaster General, the minister could then be in a position to suggest the reply which his opponents might make to this assertion?

Mr. SAUVE (Translation): When the event happens, it is probable that there will be a way to explain it to the people.

Mr. MERCIER (St. Henri) (Translation): Meantime, you will explain this item: contingencies, $178,840. Will you kindly state why this expenditure? I note that it is the same amount as last year.

Mr. SAUVE (Translation): I did not quite understand the hon. member's question.

Mr. MERCIER (St. Henri) (Translation): I find in item 21: Contingencies, $174,840. Would you be kind enough to give us the details of that expenditure?

Mr. SAUVE (Translation): Does the hon. member require all the details?

Mr. MERCIER (St. Henri) (Translation): I want the details of that expenditure. What is that amount for?

Mr. SAUVE (Translation): There are the ordinary expenses and the expenses—the hon. member will get the explanation in the report of the Post Office Department.

Mr. MERCIER (St. Henri) (Translation): It is not the report that I want. You have that information in your file. I want to know the details of that amount of $174,840.

Mr. SAUVE (Translation): There are the temporary employees; then the printing costs—

Mr. MERCIER (St. Henri) (Translation): How much?

Mr. SAUVE (Translation): Temporary employees, $77,840; printing costs, $70,000; sundries, $12,000; travelling expenses, $15,000, making a total of $174,840.

Mr. MERCIER (St. Henri) (Translation): To whom are these travelling expenses allowed in the course of the year?

Mr. SAUVE (Translation): To those who travel.

Mr. MERCIER (St. Henri) (Translation): Last year, you have had some travelling expenses yourself?

Mr. SAUVE (Translation): Yes, and also the year before.

Mr. MERCIER (St. Henri) (Translation): Who are those in the department who travel and are supposed to have their expenses paid out of that amount of $15,000?

Mr. SAUVE (Translation): Employees of the department. Frequently the department's secretary or other officials have to go to Montreal, Toronto or elsewhere, in the discharge of their duties.

Mr. MERCIER (St. Henri) (Translation): What is the amount for temporary employees?

Mr. SAUVE (Translation): The first item which I mentioned, namely, $77,840.

Mr. MERCIER (St. Henri) (Translation): How many temporary employees had you last year?

Mr. SAUVE (Translation): In 1933-34, $77,840; it is the same thing. The hon. member can make the deduction.

Mr. JEAN (Translation): Will the hon. minister allow me a suggestion? At page 88, I see the details of this item 21. There is a sum of $10,000 for the deputy minister of the Post Office Department, the same as last year. At present there is no deputy minister in the Post Office Department; there has not been any for several months, and two months of the present fiscal year have already gone by. Would it not be more regular to reduce this item of $10,000? I understand that a deputy minister will be appointed in a few days or in a few months, but he will not draw his full salary.

Mr. SAUVE (Translation): The hon. member, at the next session, will notice, if he cares to do so, that the months during which there has not been any deputy minister are not included, and that the balance has been paid back to the treasury.

Mr. MERCIER (St. Henri) (Translation): This amount will not be used; however, if it were not voted, it would reduce the total expenditure of the department, and you could take the balance out of the contingencies, for you have a contingent account in the department.

Mr. BOUCHARD (Translation): Is it the minister's policy to keep on opening new rural routes?

Mr. SAUVE (Translation): As far as possible and inasmuch as revenues will permit.

Mr. RAYMOND (Translation): Are the expenses incurred in connection with the investigations that lead to the dismissal of some of the employees included in the contingencies?

Mr. SAUVE (Translation): No; they appear in the expenses of the outside service.

Mr. JEAN (Translation): Would not the "post office special investigator" appear in this item, at page 88?

Mr. SAUVE (Translation): Oh, no, it is not the same.

Mr. MERCIER (St. Henri) (Translation): Last year somebody brought up the question of mail boxes which had been bought for the rural routes and of which you had a large stock. How many are left this year?

Mr. SAUVE (Translation): Of course, we have a certain number in stock, as usual.

Mr. MERCIER (St. Henri) (Translation): You always have letter boxes on hand for those who require them. How many had you in stock, last year?

Mr. SAUVE (Translation): For the whole of Canada, we had a total of 23,228 on April 30, 1934; and in Calgary, 3,140.

Mr. MERCIER (St. Henri) (Translation): And in other localities?

Mr. SAUVE (Translation): London, 1,097; Moncton, 30; Montreal, 4; Ottawa, 1,200; Toronto, 3,977.

Mr. MERCIER (St. Henri) (Translation): When you say: "Montreal, 4" do you mean 4,000 or 4,000,000?

Mr. SAUVE (Translation): Four letter boxes, that is all. It is as easy to understand the word 4 as 4,000.

Mr. CASGRAIN (Translation): May I inquire of the hon. Postmaster General how the Montreal postal employees are appointed? I do not know whether I am in order in discussing this question; however, I think it is important to know how the extra clerks are appointed, those who are employed during Yuletide and at other times when required, and to whom must we apply, also what are the necessary recommendations to be so employed?

Mr. SAUVE (Translation): Generally, people apply to the Postmaster General but often, first, to members, even to those of the opposition. The Civil Service Commission appoint a certain number; war veterans are also chosen and the Postmaster General appoints a certain number, and he endeavours to distribute them in the fairest possible way, as required.

Mr. MERCIER (St. Henri) (Translation): About how many has the hon. Postmaster General himself appointed, this year?

Mr. SAUVE (Translation): I cannot recall.

Mr. MERCIER (St. Henri) (Translation): The hon. Postmaster General cannot recall those whom he has made happy?

[Mr. Jean.]

Mr. SAUVE (Translation): The hon. member is quite aware how these appointments are made.

Mr. CASGRAIN (Translation): Mr. Chairman, I do not know whether I am in order; however, I have a case to submit to the hon. Postmaster General in connection with a mail contract in the county of Charlevoix-Saguenay, which I have the privilege of representing in the house. If I am not in order, I shall bide another opportunity.

Mr. SAUVE (Translation): We are discussing the inside service.

Mr. CASGRAIN (Translation): Then I shall wait.

Mr. VENIOT (Translation): I have a few questions to put to the Postmaster General; however, I shall do so in English, because I have before me the report in English and it will therefore be more convenient.

Mr. VENIOT: I should like to get some information from the minister. I believe this would come under civil government as I understand the preparation of the report of the department is done by the staff. In the report of the Postmaster General for the year ended March 31, 1932, I find that the deductions from total revenue made in order to get the net include salaries, box rent and money order commissions, night allowances, forwarding allowances—I am not giving the figures—postal note commissions and other items in which I am not interested. In the report of the Post Office Department for the year ended March 31, 1933, the last year for which we have a report, I find that forwarding allowances are left out; that is to say, the commissions on postal notes and money orders are not indicated but seem to be bulked together under some other heading, and I should like to know the reason for the change in accounting. I do not want to impute any motives but it seems very strange that the itemized statement as it appeared in 1932 is not given in 1933 in the same way. I do not wish to say that the object is to conceal the method of carrying on the work of the department, but it would be interesting to have these itemized statements in every report of the department just as they had been given up to 1932 inclusive. In 1933 they were left out, bulked together in some other item which I cannot discover. What is the reason for the change?

Mr. SAUVE (Translation): I have no objection to meet the wishes of the hon. ex-

Postmaster General. The revenue, less deductions for last year, amounts to $30,825,851.81. I have the detail sheets.

Mr. VENIOT (Translation): Why?

Mr. SAUVE (Translation): The hon. member for Gloucester does not seem to have understood me. I say that I shall take under consideration the representations he made in connection with details.

Mr. VENIOT (Translation): Are you going to omit these details as you did in 1933?

Mr. SAUVE (Translation): I repeat that the hon. member did not understand me, when I said that I had no objection to agree to his suggestions.

Mr. VENIOT (Translation): Thank you.

Mr. SAUVE (Translation): In future, the details will be inserted in the report. I have no objection to that.

Mr. RHEAUME (Translation): Would the hon. minister give me this information? In St. John, last year, some farmers did not get their mail, because it was said that their boxes did not conform to the requirements of the law. Is it on account of the law or of the instructions of the minister, that these farmers, who have no government standard box, cannot get their mail?

Mr. SAUVE (Translation): The rule was established long before I came in, that you must get a box from the department, if you want your mail to be delivered at your home.

Mr. RHEAUME (Translation): Would the hon. minister tell me the price of that box?

Mr. SAUVE (Translation): Four dollars.

Mr. MERCIER (St. Henry) (Translation): Then whoever has no department box cannot get his mail?

Mr. SAUVE (Translation): You must not say that he does not get his mail. He can go to the village post office to get it. We do not hold the mail simply because a farmer has no box coming from the department. I may add that three farmers can use the same box.

Mr. RHEAUME (Translation): Recently I had the privilege to visit the county of Two Mountains and I noticed that many farmers who had not the kind of box required by the law were getting their mail. I went to Brome-Missisquoi, last Saturday, and there they get their mail, although they have not the boxes required by the law. I know that in my own county the farmers must conform to the law, or else they do not get their mail. Those who have not the means of paying their taxes thought it would be better to keep the few dollars which they have to buy food and grain seed. The department refused to leave their mail in the boxes they had made themselves and which somewhat resemble those that are sold by the department. So long as a farmer is satisfied with his mail box and undertakes not to sue nor claim any damages from the government, should his mail or parcels be damaged by rain, I find it strange that a rule is applied in St. John and not in Laval-Two Mountains, nor in Brome-Missisquoi, nor in Chambly-Verchères, which I visited.

Mr. SAUVE (Translation): The hon. member has brought up two points. There is the question of administration. The rule existed long before I came, and I did not make it. It makes for order and good government. The rule says that, in order to get your mail delivered at home, you must pay to the department the price of a box.

Mr. MERCIER (St. Henry) (Translation): Four dollars.

Mr. SAUVE (Translation): And that box must be procured from the department. It is a matter of uniformity which is somewhat important.

As regards the privileges mentioned by the hon. member for St. Johns'-Iberville (Mr. Rhéaume), I would very much like to see the list of the favored ones in Laval-Two Mountains. I know that I encountered some difficulties there, and I have dealt with the county of Laval-Two Mountains as I did with other counties. It happened once or twice that we were lenient for some time, but in each case, notice was given to conform to the law. The hon. member, I am sure, will not find any other cases.

As regards the county of Brome-Missisquoi, I have not the slightest knowledge of the fact —if it is a fact—mentioned by the hon. member. I hope he will be kind enough to give me the list of the owners of these boxes and I promise to give him satisfaction.

Mr. RHEAUME (Translation): I do not complain, but I know that in our part of the country this was allowed for some years. I am not jealous because the same thing is being done in Brome-Missisquoi. I was there last Saturday and I know that in some places, farmers have boxes that they made themselves. I believe that at the present time there are many farmers who are unable to buy these boxes.

Mr. SAUVE (Translation): I shall note the hon. member's remarks.

Mr. RHEAUME (Translation): The hon. minister asked me to give him some names. I am not going to make an inspection of the counties of Brome-Missisquoi and Chambly-Verchères.

Mr. SAUVE (Translation): Can the hon. member say how many there are?

Mr. RHEAUME (Translation): I saw about ten last Saturday.

Mr. SAUVE (Translation): In Brome-Missisquoi?

Mr. RHEAUME (Translation): In Brome-Missisquoi. During a time of crisis and distress when farmers cannot even provide food for their family, the Post Office Department should make some allowance as it was done during a few years.

Mr. SAUVE (Translation): I shall look into the matter.

Mr. CASGRAIN (Translation): May I inquire of the hon. Postmaster General whether he is acquainted with a Mr. Hector Warren of Pointe-au-Pic?

Mr. SAUVE (Translation): Not personally.

Mr. CASGRAIN (Translation): Mr. Chairman, I intend to make the comments which a moment ago I stated I would do. It is in connection with a mail contract between the post office of "l'Isle-aux-Coudres" and a section known as "La Baleine" in the county of Charlevoix. I made a motion for the production of a document relating to the correspondence and all details in connection with this mail contract. The following is what I find on the first page:

Ottawa, le 30 janvier 1934.

Monsieur Hector Warren,
Pointe-au-Pic, P.Q.

Cher monsieur,

Sujet: Isle aux Coudres et La Baleine

Le contrat pour la transport des correspondances mentionné ci-dessus expirera le 30 juin 1934. L'entrepreneur est M. Elzéar Desgagnés et le prix $166.67 par année.

Le ministère considère le prix payé comme raisonnable et il est disposé à renouveler le contrat.

Je vous saurai gré de bien vouloir me dire s'il serait dans l'intérêt public de retenir les services du même entrepreneur dont le nom est mentionné ci-dessus ou si vous êtes d'avis qu'il serait plus avantageux pour le ministère de demander des soumissions en vue de faire une nouvelle adjudication.

Une prompte réponse obligerait.

Votre tout dévoué,

(Signé) G. C. Anderson,
Surintendant.

Mr. CASGRAIN: If the committee will bear with me, I should like to translate this letter into English because it is of great importance not only to the county I have the honour to represent but to the country at large.

Mr. HANSON (York-Sunbury): Properly translated.

Mr. CASGRAIN: I think I shall be able to translate it properly; if my hon. friend will bear with me, I think he will give me credit for that. The letter reads:

Ottawa, January 30, 1934.

Mr. Hector Warren,
Pointe au Pic, P.Q.

Dear Sir:

Subject: Isle aux Coudres and La Baleine

The contract for the transport of mail above-mentioned expires June 30, 1934. The contractor is Mr. Elzear Desgagnes and the price is $166.67 per annum.

The department considers that the price paid is reasonable and it is disposed to renew the contract.

I would like you to let me know if it would be in the public interest to retain the services of the same contractor, whose name is above mentioned, or if you are of opinion that it would be more advantageous for the department to call for tenders in order that a new adjudication may be made.

Mr. HANSON (York-Sunbury): That is a stock letter.

Mr. CASGRAIN (reading):

A prompt reply will oblige.

Yours truly,

G. C. Anderson,
Superintendent.

This letter is addressed by the superintendent of mail of the Post Office Department to Mr. Hector Warren at Pointe au Pic in the county of Charlevoix. The subject matter is a mail contract at another place, Ile aux Coudres, in another district. Thus the department under the signature of one of its officials states that the price paid for the contract is correct and is of the opinion that it should be renewed, but it says: If on the other hand you have any reason to believe that in the public interest the contract should not be renewed, please let us know and we will call for new tenders.

Mr. HANSON (York-Sunbury): The hon. member's interpretation is wrong.

Mr. CASGRAIN: No, my interpretation is not wrong. I will repeat what I said for the benefit of my hon. friend.

Mr. MERCIER (St. Henri): Don't do that; we are losing time.

Mr. CASGRAIN (Translation):

I would like you to let me know if it would be in the public interest to retain the services of the same contractor, whose name is above mentioned, or if you are of the opinion that it

would be more advantageous for the department to call for tenders in order that a new adjudication may be made.

Mr. HACKETT (Translation): It is a printed form.

Mr. CASGRAIN: In this letter dated January 30, the department says to Mr. Warren: We would like to know if you are of opinion that the contract should be renewed, but in case it is in the public interest that it should not be renewed, please let us know and we will call for new tenders.

Mr. LAPOINTE: Why Mr. Warren?

Mr. CASGRAIN: That is why I put the first question to the Postmaster General. I asked him if he knew Mr. Warren. I would like to know why and how Mr. Anderson, superintendent of mail, wrote to Mr. Warren at Pointe au Pic for information in connection with a contract for the carriage of mail at Ile aux Coudres when Mr. Warren does not reside there. Why did Mr. Anderson not write to Mr. Bergeron or Mr. Seymour or Mr. Harvey or Mr. Gagnon or any other person rather than to Mr. Warren?

Mr. HANSON (York-Sunbury): Because there was not any Mr. Seymour or Mr. Harvey.

Mr. CASGRAIN: Why did Mr. Anderson write to Mr. Warren rather than to these gentlemen? How did he know to write to Mr. Warren first rather than to another gentleman?

Mr. HANSON (York-Sunbury): A great mystery.

Mr. CASGRAIN: I represent the people of Charlevoix-Saguenay and I would like to know. Mr. Warren may be the mayor of the place. I do not say anything about him. I know him personally and he is a nice, amiable gentleman. Of course he happens to be a man of prominence; he is an engineer in the county. He had the good fortune to be a candidate once in 1925; he was nominated in the interests of the Conservative party, but a few days after he was nominated he withdrew because he could not get a good following and thought it was not worth while to run. There was another Conservative candidate at the same time and this gentleman was defeated by me.

Mr. HANSON (York-Sunbury): What a great man I am!

Mr. CASGRAIN: I have had a good record in this house. I have had the honour to defeat all Conservative candidates who have run in my constituency ever since I have been a candidate there. I would like to ask the Postmaster General why Mr. Anderson wrote to Mr. Warren.

Mr. GEARY: And not to the hon. member for Charlevoix-Saguenay.

Mr. CASGRAIN: Yes, because after all, what the hon. member for South Toronto has said is right and he knows it. I appreciate his kindness and courtesy. He is the representative of his county; I have the honour to be the representative of Charlevoix-Saguenay, and I think when anything is being done in a district like that, it ought to be brought to the attention of the member for the constituency.

Mr. DUPRE: Was that what hon. gentlemen opposite did from 1921 to 1930?

Mr. CASGRAIN: Whether the member concerned sits on the government or the opposition side, if he is not asked to give his opinion I think it is a wrong policy. If the government of the day do not see fit to ask the opinion of an hon. member on the opposite side, they should at least ask the responsible people in the parish in which the contract is to be let.

Mr. DUPRE: Is that what hon. gentlemen opposite did during the nine years they were in power? Did they ever consult Conservatives?

Mr. CASGRAIN: When we were in power we administered matters not too badly, so that when my hon. friends opposite go out at the next election the people will not look for them any more.

Mr. DUPRE: This is the second time the hon. member for Charlevoix-Saguenay has made such a hint. I am willing to take it and if anybody is going to fall by the wayside at the next election, the hon. member himself will be one of the first.

Mr. CASGRAIN: I accept the challenge. Let the hon. member come and run against me if he likes. He came one time and tried to get the nomination but he did not receive it.

Mr. DUPRE: Let the hon. member accept the challenge.

Mr. CASGRAIN: I will not cross over the river from Quebec to try to be elected in Levis. If the hon. member wants to come into my district where he knows Mr. Warren, I will give him the same medicine as my opponent got at the last election.

Mr. DUPRE: The hon. member for Charlevoix-Saguenay (Mr. Casgrain) and the hon. member for Quebec East (Mr. Lapointe) seem to be having a great deal of fun to-night. The only fun they have is when they boast about what they have done or are going to do, but there is a great difference between the boasting and the real facts.

Mr. CASGRAIN: The people will judge at the next election, and from the results of the last by-elections I think I am safe in saying that the good sound people of this country, to whatever race or creed they belong, can distinguish the good from the bad.

Mr. SAUVE (Translation): Will the hon. member pardon me? I somewhat lost the trend of his inquiry.

Mr. CASGRAIN (Translation): I wish to inquire why Mr. Anderson wrote to Mr. Warren of Pointe-au-Pic, rather than to the member of the county or the mayor of the locality or to some one in the section where the contract was to be awarded, or, again, to the curé. I wish to know, sir, who gave instructions to Mr. Anderson to communicate with Mr. Hector Warren, at Pointe-au-Pic in order to obtain information in connection with this contract. The Postmaster General states that he is very little acquainted with that gentleman.

Mr. MERCIER (St. Henri) (Translation): He is not acquainted with him personally.

Mr. CASGRAIN (Translation): Is there in the files of the Post Office Department instructions or a letter which contains instructions to officers of the department to communicate with Mr. Warren.

Mr. BOUCHARD (Translation): There are so many briefs!

Mr. CASGRAIN (Translation): I should like to have an answer from the hon. Postmaster General.

Mr. SAUVE (Translation): I am not acquainted personally with Mr. Warren, although I have heard of him at various times. He was chosen as candidate, however, I do not contend that he withdrew his name to accept the new post which the hon. member for Charlevoix-Saguenay endows him with.

Mr. CASGRAIN (Translation): It was in 1925 that he was a candidate.

Mr. SAUVE (Translation): As to why he was consulted, it was probably because the department was advised to communicate with him so as to obtain certain information. I do not know all the details in this matter, as this took place during my absence.

[Mr. Casgrain.]

Mr. CASGRAIN (Translation): I wish to be fair, sir, towards the hon. Postmaster General; perhaps he did not give such instructions. If Mr. Anderson wrote to Mr. Hector Warren, he certainly must have had a reason to do so.

Mr. SAUVE (Translation): Does Mr. Warren reside in the county?

Mr. CASGRAIN (Translation): Yes, but not in the locality where the contract was to be awarded; he resides several miles away.

Mr. SAUVE (Translation): He resides in the county?

Mr. CASGRAIN (Translation): Yes, but not in that locality. Pointe-au-Pic forms part of Bay St. Paul, while l'Isle-aux-Coudres is not in the same section. I wonder why Mr. Anderson wrote to Mr. Warren at Pointe-au-Pic to get information in connection with a contract to be awarded in a different part of the county, on an island, where he knew practically nothing of the existing conditions. I also wish to know—and the Postmaster General should be in a position to furnish the information—whether instructions were given or steps taken or orders issued to communicate with Mr. Warren, and who issued such orders?

Mr. SAUVE (Translation): I have not, at present, all the information requested by the hon. member for Charlevoix-Saguenay. The geographical particulars given to the house have greatly interested me.

Mr. MERCIER (St. Henri) (Translation): There are beautiful landscapes in that part of the country!

Mr. SAUVE (Translation): I have heard that it was a rule under the regime of my hon. friends to refer such questions to the defeated candidate of the county, and it is a matter which seems to be of great import to our predecessors.

Mr. CASGRAIN (Translation): You know nothing about it.

Mr. SAUVE (Translation): It is a rule—

Mr. BOUCHARD (Translation): It is an exception because there were very few defeated.

Mr. SAUVE (Translation): The hon. member requests certain information. I have not all the details. It is perhaps the candidate who crossed swords with my hon. friend who suggested to apply to Mr. Warren for whatever information we required.

Mr. CASGRAIN (Translation): That is, sir, just the point where I want to get at. The hon. Postmaster General stated that in the past he thought that one generally applied to the defeated candidate to obtain certain information in connection with patronage or the administration of public affairs in the county. In this instance, Mr. Warren is not a defeated candidate. Mr. Warren was so frightened in 1925 that he did not stick to the end. Two days after the nomination day, he withdrew.

Now, sir, the opponent with whom I crossed swords, the Conservative candidate who was defeated, was Mr. Thomas Maher, and we put up a great fight at the time. I have no personal ill-feeling against him, only Mr. Maher should not have been consulted in this matter. In 1934, my opponent already occupied, since a year, a public post in the Canadian Broadcasting Commission. I do not think that, occupying an official position in such an important public department, he wished to issue instruction as regards patronage in the county of Charlevoix-Saguenay, so that he suggested that Mr. Warren should be consulted. On January 30, 1934, an official of the department under his signature, wrote to Mr. Hector Warren, who was not the defeated candidate at the last election and who was neither the defeated candidate at the previous election in 1925, because he did not proceed to the polls, he wrote, as I said, to request information as regards a contract, not in his section but in another, in order to find out whether it would be in the public interest, or whether he was of the opinion that it would be more advantageous for the department to call for tenders in order that a new award might be made.

I strongly protest, sir, against such action on the part of the government. I protest against the fact that Mr. Anderson, the head of the mail contract branch, thought fit to communicate with Mr. Hector Warren, who does not reside in the locality. It is an insult to the local citizen, to the mayor, councillors and the parish priest, who are in a position to advise the government if the government thinks proper to do so and does not care to apply to your humble servant because I was fortunate enough to be elected against the government's forces. If the government do not wish to apply to me, let them apply to some local citizen, but not to a person who does not reside there, who has no knowledge of the requirements of the village, and does not know what should be done. I strongly protest, on my behalf and that of my constituents, on behalf of the people of the district of La Baleine and l'Isle-aux-Coudres, in the county of Charlevoix.

Mr. Anderson requested Mr. Warren to kindly inform him whether, in the public interest the services of the same contractor should be retained, at the same price or whether it would be more advantageous to call for tenders. The following is the reply of Mr. Warren, dated March 7, 1934.

M. G. C. Anderson, surintendant,
Ministère des Postes,
Ottawa, Ont.

Cher M. Anderson,

J'ai votre lettre du 30 janvier dernier relativement au contrat pour le transport des correspondances entre l'Isle-aux-Coudres et La Baleine comté Charlevoix qui expirera le 30 juin 1934.

Je vous recommande M. Edmond Bouchard de l'Isle-aux-Coudres, comme entrepreneur pour ce dit contrat en remplacement de M. Elzéar Desgagnés, au prix de $166.67 par année.

Exactement le même montant que son prédécesseur.

Veuillez me croire, M. Anderson,
Votre tout dévoué,
(signé) Hector Warren.

Now, sir, I wish to read in English the reply that Mr. Hector Warren addressed to Mr. Anderson.

If you remember, Mr. Chairman, when I translated the letter which I had read in French I was saying that Mr. Anderson was asking Mr. Warren if he would be kind enough to let him know if it was in the public interest to retain the services of the same mail contractor at the same price, or if he was of the opinion that it would be more advantageous in the interest of the public service to call for tenders and to have a new adjudication upon the mail contract. Mr. Warren said—I shall translate the letter as best I can:

March 7, 1934.

G. C. Anderson, Superintendent,
Post Office Department,
Ottawa.

Dear Mr. Anderson:

I have your letter of 30th January, 1934, regarding the contract for the transport of mail between Isle aux Coudres and La Baleine which will expire on the 30th June, 1934. I recommend to you Mr. Edmond Bouchard of Isle aux Coudres as mail contractor for the said contract to replace Mr. Elzear Desgagnes for the price of $166.67 per annum.

Please believe me, Mr. Anderson,
Yours very truly,
(Sgd.) Hector Warren.

Mr. Warren did not comply with the request of Mr. Anderson to say whether or not it was in the public interest to retain the service at the same price. Apparently

there was no complaint against the former contractor, and doubtless if the work had not been done satisfactorily there would have been complaints. So there was no reason to call for new tenders. Mr. Warren simply said, "Take the contract away from Mr. Desgagnes and give it to Mr. Edmond Bouchard" for the same price, with no tenders called for. There seems to be a curious development here; from the correspondence it would appear that this man might be a Liberal, but in any case in the letter of January 30 the department stated that the price was reasonable, and that they were disposed to renew the contract for another year. Then the department, through its officials, simply asked whether in the public interest new tenders should be called for.

I might say, Mr. Chairman, that in the parish of La Baleine only about sixty votes were cast for the government candidate in the last election; nearly all the people voted in support of your humble servant. I had a majority of 248, the largest since voting was introduced there. They are very intelligent people, and they are discussing this question to-day. It is a very important matter to them, and I think it is important from the point of view of the rights of the representatives of the people in the House of Commons. I believe the department was wrongly advised in asking the opinion of this gentleman, who was not the defeated candidate but who was simply a political henchman.

I think I have said enough to point out the danger the government must face when they try to please all the people who have political ambitions, because I think Mr. Warren has political ambitions. I do not know if he will run in the next election; I know that he worked very hard during the last campaign, though without result. The people of that district have written the minister, giving reasons in support of their contention that an injustice was done in not renewing the contract with the man who had it previously.

Mr. HANSON (York-Sunbury): Did you supply the reasons?

Mr. CASGRAIN: No, I did not. I may tell my good friend that this matter came to my notice in April after everything had been done. I did not know anything about it, and you can take my word for that. In March Mr. Warren was notified that a contract had been given his protege; later a letter was sent the postmaster of La Baleine containing a questionnaire as to the qualifications of the man to whom the contract had been given. What occurred? The postmaster replied to the Postmaster General under date of March 15, 1934, and said:

1. Do you consider Mr. Edmond Bouchard competent and qualified to carry His Majesty's mail four times a week between l'Isle-aux-Coudres and La Baleine by virtue of a contract for ... years.

We found out later on that the contract was for one year only.

Reply: Mr. Edmond Bouchard is not competent or qualified.

The postmaster in that district must know something about the people there; however, they applied to him only after hearing that the contract had been awarded in March. Then having felt some remorse, they wrote to Mr. Joseph Tremblay, and in a letter dated March 19, 1934, the postmaster, Mr. Tremblay, of l'Isle-aux-Coudres, stated:

I must inform you that the two bondsmen are mortgagors and should you require any other information, I could supply it, seeing that Mr. Edmond Bouchard is not qualified for this service.

In spite of this, the contract was awarded to Mr. Bouchard at the same price awarded to his predecessor Mr. Elzéar Desgagnés, who had carried the mail for 25 years from the central postoffice to La Baleine, and as stated in the correspondence, and as I am pertinently aware.

Mr. MERCIER (St. Henri): (Translation): Were securities required?

Mr. SAUVE (Translation): What was the amount of the contract?

Mr. CASGRAIN (Translation): $166.67. As I stated, they live almost like brothers in that parish, they are all liberals and there are no conservatives. It would have been just as well to award the contract to the person who had it previously. The only reason that a change was made is, perhaps, because Mr. Warren wishes to display some importance and endeavours to have the people believe that he has influence at Ottawa, and can obtain contracts for his Conservative friends in the county of Charlevoix.

Mr. DUPRE (Translation): If there are no Conservatives the contract was awarded to another Liberal; therefore, everybody is happy.

Mr. CASGRAIN (Translation): That is not the question. The principle involved is the liberty—

Mr. DUPRE (Translation): I understand that my hon. friend is speaking in favour of the principle—the Magna Charta and the fundamental laws!

Mr. CASGRAIN (Translation): The principle involved is that a person who is not even a defeated candidate, who is not a member or does not reside in the locality, has no right to meddle in the affairs of a parish and tell the department: You intend letting the contract to so and so, simply because I, who live so many miles away, tell you to let it to that particular man. The very idea that any one who has absolutely nothing in common with the management of a parish should interfere and impose his will is in violation of the authority given to members and contrary to the principle of responsible government. The issue, Mr. Chairman, is a most important one, and I think that in this present case, such action as was taken was wrong. As they would say in the constituency of Charlevoix: We have not been dealt with fairly and our government is not efficient.

Mr. Chairman, may I read the petition submitted to the honourable Postmaster General by the interested parties in La Baleine range:

The undersigned petitioners of l'Isle-aux-Coudres respectfully submit:

That Mr. Elzéar Desgagnés should be maintained in the position he occupies at the present time in connection with the carrying of the mail between the central post office of St. Louis de l'Isle-aux-Coudres and the post office at La Baleine.

Wherefore your petitioners urge upon Your Honour to recommend Mr. Elzéar Desgagnés, who always performed his duties in a satisfactory manner.

And your petitioners will ever pray.

(Sgd.) Joseph Gagnon,
Mayor.

And that petition contains fifty-five names. I could mention each of them; but I do not wish to take up the time of the house. Fifty-five citizens of that district—

Mr. MERCIER (St. Henri) (Translation): Of La Baleine.

Mr. CASGRAIN (Translation): —in the La Baleine range signed the petition in favour of Mr. Desgagnés. That very fact shows that the position taken by the member for the constituency in this house was fully warranted and that the reasons I gave against the change made in the contract are not altogether without grounds.

The file contains a letter, under date of the 28th March, 1934, written by Mr. Tremblay, postmaster, to Mr. Tanner Green. It reads:

With reference to the qualifications of said Edmond Boucher, I may state the facts as they are.

That is signed by him.

The said gentleman having been elected as church warden took up subscriptions for the poor and he collected the sum of $130 from the parishioners. Instead of handing in that amount, he remitted $20 and a promissory note signed with another man's name. I leave it to you, sir, to decide as to how steps could be taken against him when the owner has a mere footing on his land.

A generous gentleman hired his son; after having insisted repeatedly, he got $5. He can swear that he was told that the balance would never be paid to him. Is that a man whose honesty and qualifications would justify entrusting him with such valuable property as the mail bags? Could he be trusted, in all security, with the valuable papers of a parish? Certainly not.

Should the recital of the facts that I have just mentioned not suffice, you can secure the same information from our parish priest, the Rev. Edmond Jean, who has all the papers in that connection, as well as from the local bank manager who refused the forged cheque.

You may depend, sir, that in signing this letter I am not actuated by any personal motive, but by a desire to safeguard the welfare and security of the public.

(Sgd.) Joseph Tremblay,
Postmaster.

Apparently, upon receiving these letters, in May and April, the department was impressed and Mr. Tanner Green wrote as follows to the Rev. Edmond Jean, parish priest of l'Isle-aux-Coudres:

The department would be prepared to let the contract to Mr. Edmond Boucher for the above mentioned service, as from the 1st July next, but, according to the postmaster of your locality, he is more or less qualified on account of his questionable honesty.

This is from Mr. Tanner Green, and the same Mr. Tanner Green is post office superintendent in Quebec. I find fault with the department for not having obtained their information at first hand, and not having enquired from the parish priest or the mayor of the locality,—since it was not deemed advisable to enquire from your humble servant because he is in the opposition,—as to the situation, instead of going to Mr. Hector Warren, a man who lives fifteen or twenty miles away from the place, who has no connection whatever with the district, knows nothing about the locality, and who, nevertheless, in spite of representations made by the mayor and fifty-five citizens of the parish, recommended the appointment of a man who, as stated in the letter, was unable to give a bond.

Mr. Chairman, I think I have said enough to drive home the seriousness of the case. Although the amount involved is not very important, this being a contract for $166.67 only, the principle remains the same. When

the government refuse to confer with certain members because they happen to be on the opposition side, although they hold their mandates from those who elected them to this house, one may expect things of that sort. When information is sought from a man who has no connection with a district, who is unfamiliar with public affairs, it follows that one deals with people bound to play politics.

Mr. DUPRE (Translation): How did our Liberal friends act in former days?

Mr. MERCIER (St. Henri) (Translation): We have never done anything of the kind.

Mr. CASGRAIN (Translation): I agree with the statement made by the Solicitor general. Under the former regime, there may have been similar cases, but that is no reason why the same practices should be carried on. Two wrongs do not make a right. If, in the past, one acted improperly, it does not follow that one should do so at the present time. The hon. gentlemen who sit at your right, Mr. Chairman, got themselves into power through promising the people in this country that they would give them full measure of justice. The conservative candidates made much of the evil practices of the previous government and stated that in the event of their party being successful at the polls, conditions would improve and that they would see to it that a better management of public affairs would result. I can safely say that the present government is being blamed for having acted in a manner unheard of in the past under the former government.

Mr. LAFLECHE (Translation): It would not have been so bad, would you have been the ones to do it.

Mr. JEAN (Translation): This is how our friends on the right side of the house view the matter.

Mr. CASGRAIN (Translation): When comparing what has been done by the present government during the last four years with the work done, in the course of nine years, by the previous government, one finds the former did a great deal more reprehensible work than the latter could be blamed for.

Mr. DUPRE (Translation): Mere words!

Mr. CASGRAIN (Translation): These are not mere words.

The ACTING CHAIRMAN (Mr. Gagnon) (Translation): The hon. member has spoken nearly an hour.

[Mr. Casgrain.]

Mr. CASGRAIN (Translation): I shall resume my remarks at some later time during the debate.

Mr. SAUVE (Translation): The hon. member for Charlevoix-Saguenay has just made a very interesting address; he managed to find in "the whale" (La Baleine) quite an important principle on which he discoursed for more than forty minutes.

Mr. CASGRAIN (Translation): It was worth while.

Mr. SAUVE (Translation): I note his statement and he may be sure that, at the first opportunity, I intend to go over everything he said in connection with the $166.67 contract and then he will be satisfied that I shall have really looked into the matter.

Mr. CASGRAIN (Translation): I thank you.

Mr. RAYMOND (Translation): Would the minister be kind enough to tell us what policy he follows when he has to deal with the appointment of a postmaster outside the purview of the civil service commission? Does he consider the domicile and efficiency of the candidate; does he consider the desire of the community concerned? Those are questions that I am interested in, would the minister oblige me with an answer to them.

Mr. SAUVE (Translation): I consider all things concerning the case.

Mr. RAYMOND (Translation): Are all these facts taken into consideration?

Mr. SAUVE (Translation): Depending on the circumstances.

Mr. RAYMOND (Translation): It being so, I wish to draw the minister's attention to a particular case. In the parish of St. Louis de Gonzague, in the constituency of Beauharnois, a Mr. Roch Montpetit has been appointed postmaster. I moved for a copy of the correspondence exchanged in this connection and this is what I find. The postmaster had just died and his widow had been appointed temporarily in his stead, she having acted as postmistress for the four or five preceding years. A petition was signed by 225 people and was sent to the hon. Postmaster General. The petition reads as follows:

> The undersigned, request that Mrs. Amanda Guérin, widow, who for the last five years acted as assistant at the post office of St. Louis de Gonzague, be appointed postmistress. She is fully qualified to fill efficiently the position.
>
> Mrs. Guérin owns the premises where the post office is located at the present time.

Thus, Miss Germaine Lafrance, her helper, who is a member of a large family would retain her post.

You may rest assured that in complying with our request, you would make an appointment that will meet with the approval of all the ratepayers in this parish.

Mrs. Guérin, it is obvious, was a resident of the parish for five years since she acted as assistant during that length of time. The petition was signed by 225 persons.. At about the same time, another petition was sent to the minister, signed by nine persons, in favor of Mr. Roch Montpetit, the appointee, and the petition in this case reads as follows:

We the undersigned, are submitting and supporting the choice of Mr. Roch Montpetit as a fit candidate to the postmastership of St. Louis de Gonzague.

Seeing, hon. minister, that the position is at the present time filled by Liberals, it is our desire that the new appointee should be a Conservative.

Mr. Roch Montpetit is the son of Mr. Magloire Montpetit, farmer, of St. Louis de Gonzague; he is an honest man who always devoted himself to the Conservative cause and for that reason, it seems to us that in fairness he should be granted that favour. We hope for a favourable decision and pray that one of our own party be appointed postmaster, and we have signed:

Nine people signed this petition. I asked the minister to tell me where the appointee, Mr. Roch Montpetit, was living at the time of his appointment. And the minister answered: "No information." As a matter of fact, Mr. Montpetit was not a resident of Saint-Louis-de-Gonzague. If we refer to the Civil Service Act, as amended—

Mr. SAUVE (Translation): What is the date of that letter?

Mr. RAYMOND (Translation): August 26, 1932—we find the following provision:

3. Except as to appointments to positions in the headquarters of the several departments and other portions of the civil service at Ottawa, the appointees to any local positions in any province shall, so far as practicable, be made from persons having resided in such locality for a period of at least one year immediately preceding the date last fixed for receiving applications for such local positions.

The minister told me a few moments ago that all those conditions are respected, that is to say: the conditions respecting qualifications, domicile, and the wish of the local people.

Mr. SAUVE (Translation): And also the condition respecting the returned soldiers.

Mr. RAYMOND (Translation): This was not the application of a returned soldier.

Mr. SAUVE (Translation): No, but generally.

Mr. RAYMOND (Translation): In this case, Montpetit had no experience. Mrs. Guerin, who had also made an application, had five years' experience and had been temporarily appointed after her husband's decease. The wish of the population of Saint-Louis-de-Gonzague was evident since her application had the support of 225 people, whilst the other applicant had the support of only nine people. Mrs. Guerin was a resident of Saint-Louis-de-Gonzague, while Montpetit was not. However, the minister decided to appoint Mr. Roch Montpetit contrary to the wishes of the population.

I am informed that since Mr. Montpetit's appointment, numerous complaints have been received at the minister's office about the way the post office is managed. We are asked to-day to vote new supply to the Postmaster General, and it is our duty to show that the money voted last year was not spent in the public interest. When it is thought advisable to instruct the Civil Service Commission to appoint local people, it seems to me that the minister should put in practice the advice he gives to the Civil Service Commission.

Mr. SAUVE (Translation): I shall look into that case. I have no knowledge of any complaints against Mr. Montpetit for at least one or two years. His appointment was made in 1932. The hon. member should realize that it is hard for the minister to have in mind all the details of thousands of cases.

Mr. RAYMOND (Translation): That is so.

Mr. SAUVE (Translation): I would like to find out if there were really that many complaints.

Mr. RAYMOND (Translation): I would like to know what inspired the minister when he appointed Mr. Montpetit rather than Mrs. Guerin.

Mr. SAUVE (Translation): I have no doubt that I was moved by the representations made to me—

Mr. RAYMOND (Translation): That he was a Conservative.

Mr. SAUVE (Translation): I would not have objected to his being a Conservative.

Mr. RAYMOND (Translation): That was his main qualification.

Mr. SAUVE (Translation): No.

Mr. RAYMOND (Translation): At least, apparently.

Mr. SAUVE (Translation): I would not go so far as to consider as a qualification the

fact of being a Conservative or a Liberal. It is a respectable opinion. The fact of being a Liberal is a question of opinion.

Mr. RAYMOND (Translation): It is a disqualification.

Mr. SAUVE (Translation): The same thing applies to a Conservative. A man may have plenty of good qualities although he is a Liberal, and the same for a Conservative.

Mr. LAPOINTE (Translation): Unfortunately!

Mr. RHEAUME (Translation): As the hon. minister seems to be in good spirits, I shall remind him of the Iberville case. I have in my hand the Hansard of last year and I shall quote three answers that the minister gave me on the 12th of May, 1933.

Mr. Sauvé (Translation): The matter is not entirely under my jurisdiction. The revenue of the post office at Iberville is more than $3,000. It is true that my approval must be sought finally.

Page 4964 of the Hansard of May 12, I find the minister's answer of April 20, 1933, to my letter of the 19th of April:

In reply, I wish to state that my department is awaiting the inspector's report to settle the appointment permanently.

Further, the minister answered to one of my questions:

I think the hon. member will be satisfied when the case is definitely settled.

I would like the honourable minister to tell me if he finally received the inspector's report which he was awaiting to settle the appointment permanently, and the reason why the appointment has not been made.

In the absence of the minister, I placed a few questions on Hansard and I received the answers on March 14, 1934:

Mr. Rhéaume:
1. What is the name of the postmaster at Iberville, Quebec?
2. What is his age?
3. Is he in receipt of a salary or is he paid out of the revenue, etc. . .

I received the following answers from the Solicitor General: The name was Pierre Ernest Thuot, temporarily in charge of the post office. Age, 60 years. Paid out of revenue according to regular scale. Permanent appointment rests with commission.

About the permanent appointment, my ninth question was:

What person was recommended?
Answer: Wilfrid Denicourt, O.A.S.

The minister said a few minutes ago that he has much sympathy for the returned soldiers. The president of the Legion at St. John's a good conservative and a returned soldier, urged the minister to appoint Mr. Denicourt. I met him last Monday at a banquet of the Board of Trade of St. John's. He asked me if I could give him any news about the appointment of the postmaster at Iberville. I told him I could not. I added: "I am waiting for the discussion of the estimates of the Post Office department and I shall ask the Postmaster General about it because last year he promised that everybody would be satisfied with the appointment." He asked me if I thought he should come to Ottawa about it. I answered that as his recommendation had produced no result it would be useless for him to come, unless he had money and time to lose; in that case I should like to see him, because he is a good fellow, although a conservative. Will the minister tell me if he has received the inspector's report—he has been awaiting it for a whole year—and why he does not appoint Mr. Denicourt? Mr. Ernest Thuot, a sixty year old man, is kept on the job, while good employees are let out after forty years of service, because they have attained the age of sixty-five. I have seen a testimonial signed by the minister in acknowledgment of the good service of an employee, although he was sixty-five years old, but he was dismissed like many others, because he was a good liberal. Why does not the minister appoint Mr. Denicourt? That appointment would be well received by the people of Iberville and the St. John's district.

Mr. SAUVE (Translation): I have no objection to give that information to the hon. member for St. John's-Iberville. It is a fact that Mr. Ernest Thuot is temporarily in charge of the post office at Iberville.

Mr. RHEAUME (Translation): Since when?

Mr. SAUVE (Translation): Quite a long time—1932. But that is not the reason of the delay in making the permanent appointment. Mr. Thuot has not been appointed. That position is sought by two returned soldiers: Mr. Denicourt and Mr. Debeaujour. When I gave that answer last year to the hon. member for St.-John's-Iberville, I was sincere, and I was telling the truth. At the time, I thought that the appointment was soon to be made, but later the department received strong representations on behalf of Mr. Debeaujour, and there was a legal dispute. Lawyers do not place the same interpretation on the Civil Service Act in the case of returned soldiers. That point has not yet been settled.

The hon. member for St. John's-Iberville says that I have a faible for returned soldiers. I have no faible but much sympathy, and it is for that reason that I still hesitate to appoint Mr. Denicourt, on account of the representations received. Here are the facts: Two returned soldiers have made application for the position of postmaster at Iberville. Mr. Denicourt went to the front because he was conscripted; Mr. Debeaujour enlisted voluntarily. His father also enlisted. His brother was killed at the front. In such circumstances, according to the interpretation of lawyers well known to the hon. member, Mr. Debeaujour should have preference over Mr. Denicourt. Such is the situation, at the present time.

Mr. RHEAUME (Translation): Two years ago the house wasted a lot of time revising the Civil Service Act. You have either to follow a definite procedure or you have not. I do not know Denicourt, but his application was made in time. It is not the case with Debeaujour. Last year—and I have the Hansard here—

Mr. SAUVE (Translation): His application has been accepted by the commission.

Mr. RHEAUME (Translation): If the minister goes to the commission, he will see that Debeaujour could not be a candidate as he sent his application too late, that is, after the date fixed by the Civil Service Commission. When they came to Iberville for the examination, they allowed Mr. Debeaujour to be a candidate. The Civil Service Commission ought to act according to regulations. If they admitted Mr. Debeaujour to the examination, it is because there was an agreement between Mr. Thuot and Mr. Debeaujour—I cannot say whether he is a returned soldier or not, as I do not know him. However, Mr. Debeaujour had a job, working at the locks in Saint Johns. There was an agreement between Mr. Thuot and Mr. Debeaujour; I think they are relatives. It was understood that, in case Mr. Debeaujour got the position—because he boasted at that time of having enough influence to be appointed postmaster—he would have kept his job as lock-keeper, Mr. Thuot would have acted as postmaster and the two salaries would have been divided between the two of them.

I happen to know that the minister received the visit of the chairman of the Veterans' Legion, Saint John's branch. The veterans supported Mr. Denicourt and made representations on his behalf. If there is a dispute with a conservative group and the minister is anxious to avoid the responsibility as far as returned soldiers are concerned—he has so much sympathy for them!—he might settle the problem by appointing Mr. Denicourt who has the support of the Veterans' association. Mr. Denicourt is the father of five children he has been a public charge these last three years. I do not know him anymore than Mr. Debeaujour, but the last named gentleman is receiving a pension and is a lock-keeper. Mr. Debeaujour comes at the end of the eligible list, whereas Mr. Denicourt is the first on the list. As far as legal difficulties are concerned, the more lawyers you put on the case, the more confused will the problem be. If you want to settle the case, the only thing to do is to appoint Denicourt. I had an interview with the Legion chairman, a good conservative—I will not give the details as the talk was of a private nature and I would not like to give the reasons. I know the minister is ready to appoint Denicourt, but he is opposed by a group and a notary well known to the minister and not as good a conservative as my hon. friend might think.

Mr. MERCIER (St. Henri) (Translation): The hon. member for St. John's-Iberville has just said that the more lawyers you put on a case the more entangled it will be. As a colleague of the hon. member, I want to say that I believe Mr. Denicourt a much better candidate than Mr. Debeaujour, considering Debeaujour has already a job as lock-keeper. If he occupies that position in St. Johns since 1930, he got it on account of the returned soldiers' preference. As for Mr. Denicourt, who has been successful in the civil service examinations, who is so well recommended and who only needs the approval of the department for his appointment, I think he ought to be appointed at once. The case has been pending for the last two years; I cannot see why it takes such a long time to reach a decision. If a judge was so slow in giving judgment we would impeach him before the house.

I think Mr. Denicourt is entitled to the appointment. The hon. member says that lawyers are there to confuse issues. He will admit, in the present case, that a lawyer was there to give him a friendly help.

Mr. RHEAUME (Translation): I wish to thank the hon. member for St. Henri for his remarks. I have before me the ratings given after the examinations I was asking for, a year ago. According to the report, Mr. Denicourt was first on the list, with 84 per cent; Mr. Debeaujour, fifth on a list of six candidates, with 71 per cent. I hope the minister will accept the commission's verdict. In its notice, the commission said that applications

had to be sent before February 17, 1932. According to the report I have here, five candidates out of six acted accordingly; the only one who did not was Mr. Debeaujour, as he sent his application on March 10, 1933, I cannot see why you would hesitate in appointing Mr. Denicourt who is a returned soldier, the father of five children and has been without any work for over a year, whereas Mr. Debeaujour has been working as a lock-keeper for the last three years in St. Johns. He receives from $450 to $500 in the summer months and he is in receipt of a government pension amounting to $175.

The Postmaster General said a moment ago that Denicourt was conscripted. I heard that Denicourt enrolled in the 22nd Regiment and I do not think that conscription had been passed when the 22nd left for overseas. Here we have a returned soldier who was a member of the 22nd regiment; a man who is the father of five children, who has been a public charge for the last three years and who is strongly recommended by his old war comrades. Veterans have made representations upon representations on his behalf, they have come many times to see the Postmaster General on his account, Mr. Chairman, I consider that, under these circumstances, there is one thing to be done, and one only; that is for the Postmaster General to appoint Mr. Denicourt as soon as possible and in this way he will be giving justice to a number of veterans from the 22nd. I am not prepared to say that Debeaujour was conscripted, all I can say is that Denicourt enrolled in the 22nd.

Mr. SAUVE (Translation): The hon. member said he did not know Denicourt nor Debeaujour.

Mr. RHEAUME (Translation): I do not know either of them. I have never talked with either of them.

Mr. SAUVE (Translation): Will the hon. member certify that Mr. Denicourt enlisted in the 22nd when the war broke out?

Mr. RHEAUME (Translation): If the minister will accept my word, that is my information, and I think it is reliable.

Mr. SAUVE (Translation): I am informed that Mr. Denicourt enrolled at the end of the war, that he was just in time to go to France and that he never fought. That is my information. I do not know him, personally.

Mr. RHEAUME (Translation): If the hon. minister will permit me, not later than Monday, I will send him an affidavit to that effect.

Mr. LAFLECHE (Translation): I understood the hon. member for St. Johns Iberville to say, a few moments ago, that he met Mr. Denicourt at a banquet of the Chamber of Commerce, on Monday last, and now he says that he does not know either of them. Am I correct?

Mr. RHEAUME (Translation): The hon. member for Richmond-Wolfe (Mr. Laflèche) did not catch my words. I know there is an awful noise in the House. I said that I met the chairman of the Veterans' Legion in St. Johns, on Monday last, and he was in the war with Denicourt. He talked to me about him.

Mr. MERCIER (St. Henri) (Translation): And he is a good tory.

Mr. RHEAUME (Translation): Yes, a good tory, editor of the conservative paper in St. Johns and a most genial chap. Mr. Denicourt went to the battlefields with the 22nd, and I will have an affidavit to that effect.

Mr. SAUVE (Translation): I would be very glad to have it.

Mr. VENIOT (Translation): Mr. Chairman, I beg to call the minister's attention to this fact: Even if Denicourt was conscripted, if he saw active service on the battlefields, that would qualify him under the law for the soldiers' preference. Even if he was conscripted, as long as he went to the battlefields, he has the same preference as any other soldier.

Mr. SAUVE (Translation): Two different legal interpretations are given on this point.

Mr. RHEAUME (Translation): If I send the minister a sworn statement to the effect that Mr. Denicourt enlisted in the 22nd, would the minister appoint him?

Mr. SAUVE (Translation): As I told the hon. member, I have been informed that Mr. Denicourt only enlisted near the end of the war. I will take the sworn statement into consideration in arriving at a decision.

Mr. RAYMOND: I would like to call the minister's attention to another discrimination in the electoral district of Beauharnois. After an inquiry, the department has dismissed the postmaster at Beauharnois. According to the investigator's report, during the elections of 1930, the postmaster had placed a bet on the result of the poll.

Mr. SAUVE (Translation): When was he dismissed?

Mr. RAYMOND (Translation): During the fall 1932, but he was not replaced until July, 1933.

As I have said, the report contains the proof that the postmaster, Duquette, had placed a bet on the result of the poll, in 1930. When I asked why he had been dismissed, the minister told me: Guilty of active political partisanship.

I would very much like to know what the Postmaster General means by "political activities." what constitutes, in his opinion, the fact of taking an active part in politics. Is the sole fact of making a wager sufficient to prove that a person took an active part in politics ?

Before he replies, I wish to draw his attention to the following words of the Civil Service Act:

No employee shall engage in partisan work.

But a wager does not constitute the work of a partisan. How was the Postmaster General, according to the report made to him by the commissioner holding the inquiry, able to arrive at the conclusion that Mr. Duquette was guilty of political interference during the last election.

It is the reason invoked by the Postmaster General, when he requested the governor in council to dismiss Mr. Duquette. Will the Postmaster General be kind enough to inform me what he means by "political activities"?

Mr. SAUVE (Translation): By "political activities," I mean the acts of a person who displays his politics.

Mr. RAYMOND (Translation): I am sure that the Postmaster General was not elected through such political activities in 1930.

Mr. SAUVE (Translation): There are various kinds of political activities. I am certain that the political activities of the hon. member for Beauharnois is much greater than that of Mr. Duquette, the former postmaster of Beauharnois. With all due respect to the hon. member, I wish to point out to him that the fact of expressing his views on the eve of the election, is not the only score against him. However, it counts. The hon. member has had experience, he is fully aware that when a person of Beauharnois speaks in his favour, that does not mean that he is siding against him but with him. If he speaks before fifteen or twenty persons, it is a public act of political interference.

Moreover, in August, 1931, Mr. Duquette criticized at a public meeting in Beauharnois, the government. He was, perhaps, in a position where he could not entirely realize the bearing of his utterances.

Mr. RAYMOND (Translation): Will the hon. Postmaster General allow me?

Mr. SAUVE (Translation): I wish to continue my explanation, and, afterwards, you may reply.

Mr. RAYMOND (Translation): That was not the reason urged to request his dismissal. I have here a letter dated September 29, 1932, addressed to the governor general in council, and the only reason alleged in urging his dismissal is that he was guilty of "political partisanship" in the course of the last dominion election—nothing else.

Mr. SAUVE (Translation): If the hon. member had put to me other questions, I would have replied to them. The postmaster of Beauharnois was dismissed following an inquiry ordered when a complaint duly worded by persons from county or town of Beauharnois was received. Therefore, according to the rule established not by the present Postmaster General, but even existing during the regime of my predecessor, a commissioner was sent to Beauharnois to hold an inquiry and the latter forwarded a report stating that the postmaster was guilty of "political partisanship;" first of all, the postmaster had made a wager on the results of the dominion election in 1930, favouring the Liberals, when he was in a public place—in a hotel—on the eve of the dominion election, in a manner such as to influence those present who were also discussing politics. He himself taking part in the discussion.

Moreover, on August 23, 1932, he uttered, at a public meeting in Beauharnois, words which showed his absolute lack of confidence in the present government.

An hon. MEMBER (Translation): He was right.

Mr. MERCIER (St. Henri) (Translation): As a result they dismissed him.

Mr. SAUVE (Translation): If he was right, we gave him the opportunity, the liberty of preaching according to his political convictions.

Mr. POULIOT (Translation): It was because he was right that you found fault with him.

Mr. SAUVE (Translation): No. It was because he was accomplishing the act referred to, that we concluded: Here is a good partisan who will be free, when relieved from the position of postmaster, to preach the Liberal gospel.

Mr. MERCIER (St. Henri) (Translation): So as to preach to the Tories (bleus).

Mr. SAUVE (Translation): I understand that the hon. member for Beauharnois requested a reply to his questions?

Mr. RAYMOND (Translation): Yes, I requested a reply.

Mr. SAUVE (Translation): I have given my reply.

Mr. RAYMOND (Translation): Such are the activities of which the Postmaster General makes a subject of reproach against this postmaster. On the other hand, I rely on the evidence submitted. Among the documents filed, we find a letter from the Postmaster General addressed to the Governor General in Council, invoking as the sole reason for this dismissal the fact that he had been guilty of political "partisanship" in the course of the last Dominion election. Now, according to the commissioner who held the inquiry, the only act with which he is reproached, in the course of the 1930 Dominion election, is having made a wager. I wish to inquire of the Postmaster General whether that constitutes within the meaning of the Civil Service Act, a deed sufficient to justify the dismissal of a postmaster? Section 55 of the Civil Service Act reads as follows:

No employee shall engage in partisan work.

Does the Postmaster General consider that the fact of having made a wager constitutes the work of a partisan?

Mr. SAUVE (Translation): The Postmaster General accepted the report of the commissioner who held the inquiry, according to the rule established since 1921. The report of the commissioner is a judgment that the Postmaster General is not called upon to discuss. If the commissioner acted contrary to the facts and committed an injustice, it is to the public and the victim to take proceedings against him. It is the established rule of all departments and not only of the Post Office Department.

Mr. RAYMOND (Translation): May I point out to the Postmaster General that it is very bad politics and a poor excuse to take refuge behind an employee to whom was entrusted the mandate of holding inquiries in connection with "partisanship." Mr. Pariseault, the commissioner who held the inquiry, so as to retain his position, was obliged to render a decision stating that the person complained of had been guilty of an act of political "partisanship." And the Postmaster General cannot excuse himself before the house by simply stating that Mr. Pariseault arrived at such a conclusion and thus evade his responsibility. The Postmaster General had but to read the report of the inquiry and he would have found that the conclusion of Mr. Pariseault was not justified. The proof is there. There was no other act to reproach him with, when addressing your letter to the Governor General in Council, than the one of being guilty of political "partisanship" and the only fact which justifies this statement is that of a wager. in the course of the 1930 election. This is certainly not pursuant to the provisions of the Civil Service Act. To be dismissed, according to the act, one must engage in partisan work. Is making a wager considered working? Let us be honest.

Mr. SAUVE (Translation): It is committing an act.

Mr. CASGRAIN (Translation): Mr. Chairman, I have another case to submit to the hon. Postmaster General in connection with a mail contract between Murray Bay and the "Grand Fonds" in the county of Charlevoix.

Mr. VENIOT (Translation): "The whale (La Baleine) is now at the bottom (fond)."

Mr. CASGRAIN (Translation): I received in May the following letter:

I have had the mail contract of the "Grand Fonds" for eight years. I have always carried out my duties and have never heard of complaints, at least that I know of. To-day, they are depriving me of the mail at the expiration of my contract, in order to give it to another under the same agreement as I held. At present, the contract was awarded to another person without calling for tenders. There are many in this section of "Grand Fonds" that are dissatisfied and want the mail contract awarded by tender. They are entitled to this and demand it. To that purpose, I am forwarding to your address a petition that they have signed requesting that the mail cantract be awarded by tender.

Hoping that you will work on our behalf, I thank you and sign.

Ludger Gérard,
Grand Fonds,
Murray Bay,
Charlevoix.

The petition reads as follows:

Petition of property owners of "Grand Fonds," Murray Bay, in order to award the mail contract by tender.

René Dufour, Anis Dufour, Paul Dufour, Joseph Dufour, Henri Harvey, Edgar Maltais, Mérilde Maltais, Ludoric Bouchard, Francois Dufour, Paul Dufour, Joseph Turcotte, Ludger Gireard, Henri Maltais, Louis Philippe Tur-

cotte. I forwarded this letter to the hon. Postmaster General and he acknowledged receipt stating that the mail contract had been awarded.

I wish to state that the contract for this service has been duly signed by Mr. Johnny Harvey, Jr., and it is now too late to alter the decision taken.

This letter was signed by the assistant deputy minister. I wish to inquire of the Postmaster General, through you Mr. Chairman, whether this contract was altered at the request forwarded by the superintendent of mail contracts, Mr. Anderson, to Mr. Warren, in the county of Charlevoix, or whether other persons requested the Postmaster General or the superintendent of mail contracts to change the contract. I should like to ask if these facts are similar to the cases I just referred to a few minutes ago, and if the hon. minister will kindly give the matter the same consideration.

Mr. SAUVE (Translation): Yes, certainly.

Mr. CASGRAIN (Translation): I believe it is nearly the same thing. If I ask for this information, Mr. Chairman, it is for the reasons I gave a moment ago, and which, to my mind, seem justified by the facts.

Mr. VENIOT (Translation): To return to the question of investigations, I should like to correct an error regarding what the minister said was the practice of the department in the past. I understand that to-day, the evidence received by the inquiry commissioner is not submitted in its entirety to the department, but that he submits only a report of the opinion he has formed after hearing the evidence. We did not proceed in that way in my time. When I was Postmaster General, I would send for the evidence, as far as possible, and review it myself to be sure that the commissioner had arrived at a proper decision, one in accordance with the evidence received.

For instance: the postmaster of Lameque, county of Gloucester, was dismissed after an investigation. I went to the department to get the correspondence and the report of the investigator. In his report, the commissioner stated that the postmaster at Lameque had admitted having taken part or having been present at a political meeting, but he did not quote the evidence heard and which would justify that conclusion.

Mr. POULIOT (Translation): Is Lameque in Egypt?

Mr. VENIOT (Translation): No. I took a copy of this report and sent it to my friend. He was my friend, a good Liberal, and everybody knew that before his appointment to the postmastership he had taken active part in politics, but after his appointment, he no longer did, and kept very quiet. I sent him a copy of the investigator's report and received from the late postmaster a sworn statement in which he declared under oath he had never admitted anything of the sort. I forwarded this affidavit to the department, where it may be found on file to-day. I asked for another investigation. After making further inquiries, I discovered that this postmaster had been present at a public meeting, not at a political one. When your humble servant was appointed Postmaster General, he went to his constituency to get ready for the bye-election, for things were different then from what they are to-day. I went to Lameque, and the people of the district, headed by the parish priest, decided to give a reception to the first French-Acadian to be honoured by such a federal appointment. The president of the "Assomption nationale", an Acadian organization, who was at that time the chief conservative organizer for the parish, was chairman of the reception committee, and he it was who greeted me and tendered the congratulations of the crowd. The local postmaster was present at this meeting, like any other citizen of the place. Because of his presence, he was accused of taking part in a political meeting, and lost his position. I quote this incident to show the minister that it is imperative to watch closely all the reports of the investigating commissioners, so that the minister himself may satisfy himself that the commissioner's judgment is not unfair. That is my only reason for telling of the incident.

Mr. SAUVE (Translation): The hon. gentleman must admit that in the case of Lameque, I took a long time to consider the facts, and had to implement the report of the commissioner.

Mr. VENIOT (Translation): Certainly, but you had not before you the evidence heard at the time of the investigation.

Mr. SAUVE (Translation): I had other evidence.

Mr. VENIOT (Translation): You had only the report of the investigating commissioner, in which he stated such and such admissions had been made in the course of the evidence, while the accused produced a sworn statement saying: "I never admitted anything of the sort in my evidence."

Mr. SAUVE (Translation): As for myself, I followed the rule established by my predecessors. I never took it upon myself to dismiss a postmaster when the investigator reported that there were no grounds for doing so. In that respect, I did not follow certain precedents; I held strictly to the rule that the investigator's report must be implemented.

Mr. VENIOT (Translation): Not always. In certain cases, the commissioner's report was not implemented when it was desired to dismiss the postmaster.

Mr. CASGRAIN (Translation): Mr. Chairman, I beg the committee's leave to speak a little further on a rural mail contract. Not long ago, I received a letter from Mr. Germain Gagnon, of Cap St. Fidèle, county of Charlevoix, telling me that his contract for carrying the mail will expire on the 1st of October of this year, and asking that I should fevour renewal in his behalf. I replied that tenders would very likely be called for and that he might send one in, but considering the two incidents of which I told the committee this evening, I should like to call the minister's attention to this case. I earnestly hope that the precedent established in those two cases will not be followed again; that Mr. Anderson will not write letters stating that the department is ready to renew the contract, and asking if the man who receives the letter considers that it would be to the advantage of the department to ask for tenders, and then giving the contract to some one else without tender.

Mr. SAUVE (Translations): Is the contract for more than $200?

Mr. CASGRAIN (Translation): I do not know the amount of the contract. I understand that in cases where the amount is not more than $200, no tenders are called for. In the case of the contract for La Baleine, to which I referred a moment ago, I complained of the fact that Mr. Anderson called on Mr. Warren to tell him if tenders were necessary, or if it would be better to renew the old contract. Mr. Anderson must have decided that tenders might be called for in case the contract might be more than $166.67. And the letter was signed by Mr. Anderson himself. He said that the government was ready to renew the contract at the same price for another year, adding: Even if you believe that in the public interest it is better to ask for tenders, please notify us and we shall call for them.

I should not like the same thing to happen again in the case of the contract for Cap St. Fidèle. Let tenders be called for; if the amount is too small to justify calling for tenders, consult local people—if you do not wish to consult me—the mayor, the parish priest, or other prominent citizens.

To show I was telling the truth, and that my observations in the case of La Baleine and Le Grand Fonds were justified, I shall read a letter from Mr. Léonidas Tremblay, of St. Fidèle, who says this:

> After receiving information from the Conservative dispenser of political favours, Mr. Hector Warren, states it is your fault if the mail did not run.

Mr. Chairman, I showed to the committee this evening that, as far as La Baleine is concerned, the member is not to blame if things did not run, or if they ran too well. Mr. Warren is the one to blame. In this case, a respectable citizen of St. Fidèle states under date of January the 17th, 1934:

> After receiving information from the Conservative dispenser of political favours, Mr. Hector Warren states it is your fault if things do not run well.

And the committee learned to-day that the member for Charlevoix is not the one to handle patronage in his constituency, that he is not consulted when a change of contractor is contemplated, or when something is to be done in the Post Office Department; Mr. Warren is consulted then, and if he fails to give everything to his own friends, he says: It's your member's fault if things do not run well.

I hope I said enough regarding the cases of La Baleine and Le Grand Fonds to show that if the mail service is badly organized in the county, the member cannot be blamed for it; the one to blame is the man who claimed for himself the member's privileges and the man—I do not know him and do not wish to make any charge—who recommended him to the Postmaster General as the best man to handle the patronage which was turned over to him.

Mr. POULIOT (Translation): Mr. Chairman, would the hon. minister be kind enough to tell me if the meeting of the Executive Universal Postal Union in Ottawa was meant to plan for the postal congress in Cairo?

Mr. SAUVE (Translation): Yes.

Mr. POULIOT (Translation): That was the amount voted for the postal congress at Ottawa?

Mr. SAUVE (Translation): $62,000.

Mr. POULIOT (Translation): $62,400?

Mr. SAUVE (Translation): Yes.

Mr. POULIOT (Translation): Why were these amounts divided up, and why was a special grant of $25,000 voted, as well as appropriations of $37,400, to the Post Office department?

Mr. SAUVE (Translation): The amounts were voted the preceding year.

Mr. POULIOT (Translation): Was the whole amount spent for the preliminary convention held in Ottawa? Was the whole amount spent last year and in the solar year 1933?

Mr. SAUVE (Translation): The expenditure out of the amount voted in 1932-33 for this meeting of the executive committee amounted to $10,052.56; the expenditure out of the estimates of 1933-34 passed to cover the costs of this meeting of the executive committee amounted to $11,007.47; the expenditure out of the estimates of 1933-34 to allow the delegates of the executive committee to make a trip and inspect the Canadian Mails service amounted to $18,000.44; total, $39,060.47.

Mr. POULIOT (Translation): What was the difference between the amount of $62,400 and the amount spent?

Mr. SAUVE (Translation): Amount voted in 1932-33 for the ends of the executive committee, $25,000; 1933-34, expenditure entailed by the meeting of the executive committee, $12,400; 1933-34, trip made by the delegates of the said committee to inspect the Canadian Mails service, $25,000; total, $62,400.

Mr. POULIOT (Translation): That is not what I want to know from the minister. I am asking the minister what amount out of these $62,400 has been spent actually.

Mr. SAUVE (Translation): I told you: $39,060.47.

Mr. POULIOT (Translation): Has the hon. minister returned any of these amounts to the treasury?

Mr. SAUVE (Translation): Certainly; the balance.

Mr. POULIOT (Translation): What is the balance?

Mr. SAUVE (Translation): The difference between $62,000 and $39,000.

M. POULIOT (Translation): $25,000?

Mr. SAUVE (Translation): It can be figured up.

Mr. POULIOT (Translation): Now how many delegates took part to the preliminary postal convention in Ottawa?

Mr. SAUVE (Translation): The foreign delegates?

Mr. POULIOT (Translation): Members of this Executive Postal Union Committee were in Ottawa, last year.

Mr. SAUVE (Translation): Do you mean the number of the countries represented?

Mr. POULIOT (Translation): I mean the total number of delegates: ten, twenty or thirty persons.

Mr. SAUVE (Translation): There were forty-two.

Mr. POULIOT (Translation): Did these forty-two persons take in the excursion to the West?

Mr. SAUVE (Translation): Yes, but not the minister himself.

Mr. POULIOT (Translation): How many officials of the department of the Postmaster General accompanied these people to the West?

Mr. SAUVE (Translation): Ten or eleven, I think. Note should be taken of one thing, however, I mean it was not merely a pleasure trip, but the committee continued to sit on the train. The executive committee held meetings during the trip and consequently a certain number of officials had to be on hand. Rather than to sit here at Ottawa the congress continued its meetings while travelling and we thought it was good policy, as the delegates attended to their work and saw at the same time the wealth and scenery of our country.

Mr. CASGRAIN (Translation): Very sound.

Mr. POULIOT (Translation): What was the cost of the trip, first for the officials of the department and then for the delegates?

Mr. SAUVE (Translation): I have not here all the details. About $400 each. I don't think I am much mistaken in that.

Mr. POULIOT (Translation): If the minister hasn't the details he should have the total, and I would like to ask him first whether the Canadian government have paid the travelling expenses of the foreign delegates to Victoria.

Mr. SAUVE (Translation): Yes.

Mr. POULIOT (Translation): What was the cost of the trip, including the transportation of these delegates and of the officials of the department of the Postmaster General, the

meals on the train and at the hotels, the tips and all? I do not want any details; I ask the minister to give me the total amount.

Mr. SAUVE (Translation): About $400 each.

Mr. POULIOT (Translation): So, this was a meeting of the executive committee in view of the postal congress at Cairo?

Mr. SAUVE (Translation): Yes.

Mr. POULIOT (Translation): What was the cost of the trip of the Canadian delegation who attended the postal congress at Cairo?

Mr. SAUVE (Translation): About $12,300 or $12,400. Maybe certain small details are still to be added—I am told it is $12,716.

Mr. POULIOT (Translation): So, if we take the meeting of the executive committee at Ottawa which has cost $62,000 and the cost of the trip to Cairo, $12,000, the postal congress of Cairo, in its preliminary stage—

Mr. SAUVE (Translation): The congress did not cost $62,000 since there has been a remittal.

Mr. POULIOT (Translation): It did cost $39,000 and the trip to Cairo, $12,000, $51,000 in all, and besides $20,000 for a trip to the west.

Mr. SAUVE (Translation): The cost is high enough without that.

Mr. POULIOT (Translation): How many albums have been published? 200?

Mr. SAUVE (Translation): Yes.

Mr. POULIOT (Translation): Would the hon. minister have any objection to give some to the members?

Mr. SAUVE (Translation): The minister would not object if parliament voted an amount to print more. I think I still have two or three copies and will readily hand one to the hon. member for Témiscouata, if he wants one.

Mr. POULIOT (Translation): Where are the others? There were 42 delegates accompanied by 11 employees, a total of 53 persons. Out of the 200 albums published at the price of $24 each the members did not get one. Where did they go to? Have they been eaten up by moths and mice?

Mr. SAUVE (Translation): I think I have given all the necessary explanations this afternoon and to-night, at the beginning of the sitting.

[Mr. Pouliot.]

Mr. POULIOT (Translation): The hon. minister said he had handed some to the respectable folk; there are many respectable folk in Canada.

Mr. SAUVE (Translation): I said to "respectable people." I did not say "to the respectable people," for they are too numerous.

Mr. JEAN (Translation): The hon. member for Témiscouata could have been handed a copy?

Mr. SAUVE (Translation): Certainly. Had I not feared to offend him—he could have interpreted my gesture as unfortunate—I would have been happy to send him one. But since he can't be without one, I will try and get one for him, to show him the value of the work.

Mr. POULIOT (Translation): I thank the minister very much.

Mr. CASGRAIN (Translation): If there is a spare one, I would like to have it.

Mr. LAPOINTE (Translation): Have you one also for me?

Mr. SAUVE (Translation): Let all those who wish one stand up—

(Many members get up.)

—I will ask for a vote for this purpose.

Mr. CASGRAIN (Translation): Oh, no, if it does not cost anything, if some are left.

Mr. SAUVE (Translation): I have not enough to satisfy all demands.

Mr. VENIOT (Translation): I will hand you mine.

Mr. SAUVE (Translation): We thought we should distribute the copies on hand. The fact is that these albums were not authorized by the authorities of the department. On the contrary, I had even instructed Mr. Webster not to print any, because they were too costly. I have given explanations on this matter which seem to be accepted by the opposition. The copies left after the distribution to the members of the congress were given away.

Mr. LAPOINTE (Translation): Why did my hon. friend forget me in the course of this distribution?

Mr. SAUVE (Translation): Does the ex-Minister of Justice believe that I have forgotten him so?

Mr. LAPOINTE (Translation): Yes, I did not get any.

Mr. SAUVE (Translation): We shall see.

Mr. CASGRAIN (Translation): I did not get any either, although I am a good friend of the Postmaster General.

Mr. VENIOT (Translation): Mr. Chairman, I must say I am privileged, for I got a copy.

Mr. CASGRAIN (Translation): Mr. Chairman, may I ask the hon. Postmaster General if in the district called township Latour a mail distribution service will be established this coming summer, from Portneuf? I have already written to the Postmaster General about it. There is a distance of approximately twenty-five miles between these two places. Townships Royal and Latour are two small colonization townships extending from Portneuf to Bersimis, and the people are asking for a mail service three times a week. I have not yet received a satisfactory answer from the department on this subject. In times like these when we are trying to get people settled on the land and when we are doing our utmost to improve the lot of the farming class and make farming attractive to them, it seems to me that this mail service is necessary.

I wish to put another question concerning another contract, from Rivière-Portneuf to Bersimis. The same contract might serve, if a stop were made at these two places. These people want this service which would be very important for them.

I ask the Postmaster General to answer this further question. One of my constituents sent me a letter recently stating that certain documents, similar to those I hold in my hand—and I beg the hon. minister's attention at this point—had been distributed by the postmaster at a certain place. This document appears to be a circular advertising certain machines, stoves, etc., for which somebody in the district has the agency. It seems that the postmaster distributes these circulars, with the mail, to those who go to the post office. Am I to understand that this practice is allowed?

Mr. SAUVE (Translation): At what place?

Mr. CASGRAIN (Translation): I would rather not say where.

Mr. SAUVE (Translation): I would like to know the name of the place.

Mr. CASGRAIN (Translation): It is in Charlevoix county, at Cap-à-l'Aigle.

Mr. SAUVE (Translation): Does the hon. member wish to lodge a complaint against the postmaster there?

Mr. CASGRAIN (Translation): I would like to know if this practice is allowed or not.

Mr. SAUVE (Translation): We have not had occasion to allow any postmaster to distribute circulars of this description.

Mr. CASGRAIN (Translation): Apparently the postmaster gives these circulars out at the same time as the mail.

Mr. SAUVE (Translation): That is contrary to the rules.

Mr. CASGRAIN (Translation): That is what I wanted to find out.

Mr. SAUVE (Translation): If the hon. member wishes to make a complaint against the postmaster in his county, we will consider it.

Mr. CASGRAIN (Translation): I'll think it over. I would not like to lay a charge. I was simply requested to ascertain if such a practice were permitted.

Mr. SAUVE (Translation): No.

Mr. CASGRAIN (Translation): Now there is something else that I wish to bring to the attention of the Postmaster General. Last year a certain request was made to me concerning Anticosti Island: what was wanted was a service around the island, in the interest of citizens living far from Port Menier. In answer to a letter I wrote on this subject on May 31, 1933, I received a reply dated June 1, 1933. I would like to know if the same contract has been let for another year. The continuance of the contract is necessary to ensure that the service be more satisfactory than it was previously.

Mr. SAUVE (Translation): That has already been done, I believe.

Mr. POULIOT (Translation): Mr. Chairman, I wish to avoid any misunderstanding. A moment ago the minister said that he had no intention of annoying me by sending me a copy of the album. I am absolutely opposed to any further expenditure under this head. If there remain any spare copies of the album, I will not be annoyed if the minister will send me one.

Mr. SAUVE (Translation): May I add one condition?

Mr. POULIOT (Translation): Yes.

Mr. SAUVE (Translation): The condition is that the hon. member for Témiscouata grant us the pleasure of sending to the Postmaster General a copy of his new book which we will be glad to keep.

Mr. POULIOT (Translation): Certainly. An exchange of courtesies. That suits me very well.

Now, I wish to put a few questions to the Postmaster General, and I hope he can answer them right away. First of all, how many postmasters have been dismissed for partisanship since 1930?

Mr. SAUVE (Translation): About 800.

Mr. POULIOT (Translation): How many post offices have been closed?

Mr. SAUVE (Translation): 513.

Mr. MERCIER (St. Henri) (Translation): 513?

Mr. SAUVE (Translation): Number of post offices closed from August 7, 1930, to April 30, 1934, 513, because of reduced revenue, or uselessness. Number of post offices closed on account of the establishing of the rural mail service, 193. Number of post offices in receipt of $25 or less, 876. Number of post offices in receipt of $100 or less, 3,835.

Mr. MERCIER (St. Henri) (Translation): Were those closed?

Mr. SAUVE (Translation): No.

Mr. MERCIER (St. Henri) (Translation): Then only 193 were closed.

Mr. SAUVE (Translation): 513.

Mr. MERCIER (St. Henri) (Translation): You mentioned the figure 193. What was that for?

Mr. SAUVE (Translation): 513.

Mr. MERCIER (St. Henri) (Translation): Closed?

Mr. SAUVE (Translation): Closed, yes.

Mr. POULIOT (Translation): In the case of how many post offices was there a change of premises?

Mr. SAUVE (Translation): Change of premises, 112.

Mr. POULIOT (Translation): Since August, 1930?

Mr. SAUVE (Translation): Since August 7, 1930.

Mr. MERCIER (St. Henri) (Translation): In the case of these changed premises was the postmaster dismissed?

Mr. SAUVE (Translation): Most of them.

Mr. POULIOT (Translation): Does "a change of premises" imply "a change of site"?

Mr. SAUVE (Translation): Sometimes.

Mr. VENIOT (Translation): A change of premises does not involve the closing of the post office.

[Mr. Pouliot.]

Mr. SAUVE (Translation): A change of premises is effected: the post office is moved from one site to another.

Mr. POULIOT (Translation): The number 800 represents the postmasters dismissed for reasons of partisanship, is that right?

Mr. SAUVE (Translation): 842?

Mr. POULIOT (Translation): 842?

Mr. SAUVE (Translation): No, no: financial irregularities, change of premises, unsatisfactory management, etc.

Mr. POULIOT (Translation): Out of these 842 how many were dismissed for reasons of political partisanship?

Mr. SAUVE (Translation): 137, on complaint of a member of parliament; 390 as a result of investigations; guilt admitted by postmaster, 18.

Mr. POULIOT (Translation): How many appointments has the postmaster general made since August, 1930?

Mr. SAUVE (Translation): The postmaster general?

Mr POULIOT (Translation): Yes.

Mr. SAUVE (Translation): The appointments to all the post offices under his jurisdiction.

Mr. POULIOT (Translation): The minister's jurisdiction was considerably extended by the law, recently enacted, granting him powers which heretofore belonged to the Civil Service Commission.

Since the minister has not yet answered that question I shall ask him another: How many new post offices have been opened since 1930?

Mr. SAUVE (Translation): I have not the figures here.

Mr. POULIOT (Translation): The minister will have no objection to furnishing us with them?

Mr. SAUVE (Translation): I shall give them to you to-morrow.

Mr. MERCIER (St. Henri) (Translation): 842 postmasters have been dismissed, and 513 post offices were closed, which means that as many more postmasters are out of a job; 112 cases of changed premises, with dismissals in most cases. That makes a total of 1,467 who have lost their positions. Is that correct?

Mr. SAUVE (Translation): No.

Mr. MERCIER (St. Henri) (Translation): There were 842 dismissals, 513 post offices were closed and in 112 cases the premises were changed. These are the figures you gave a moment ago. I find, accordingly, that a total of 1,467 postmasters have been dismissed throughout the country from 1930 up till now.

Mr. SAUVE (Translation): Would the hon. member please put that question again?

Mr. MERCIER (St. Henri) (Translation): Going over the figures you quoted just now—you may correct any inaccuracies—I find that there were 842 dismissals—

Mr. SAUVE (Translation): And changes.

Mr. MERCIER (St. Henri) (Translation): 513 post offices were closed.

Mr. SAUVE (Translation): Yes, closed.

Mr. MERCIER (St. Henri) (Translation): There are no postmasters?

Mr. SAUVE (Translation): No. there are no longer any post office.

Mr. MERCIER (St. Henri) (Translation): There are 112 changes of premises and mostly all dismissals?

Mr. SAUVE (Translation): Yes, but this figure is included in the 842.

Mr. MERCIER (St. Henri) (Translation): You did not mention that just now.

Mr. POULIOT (Translation): How many postmasters were appointed temporarily or permanently by the Postmaster General, since August, 1930?

Mr. SAUVE (Translation): I shall furnish that information at the same time as the other.

Mr. MERCIER (St. Henri) (Translation): On the total of dismissals you have just mentioned, how many were there in Quebec, in the way of change of premises, post offices closed or dismissals for political "partisanship"?

Mr. SAUVE (Translation): 295.

Mr. MERCIER (St. Henri) (Translation): How many were there in the other provinces? How many in Ontario?

Mr. SAUVE (Translation): I shall furnish this information a little later. Meanwhile, you may put other questions.

Mr. RAYMOND (Translation): I shall put another question. Will the Postmaster General be kind enough to inform me as to the age of Mr. Tanner Green, superintendent of postal services, at Quebec, to whom reference was made just now, in the course of the remarks of the hon. member for Charlevoix-Saguenay?

Mr. SAUVE (Translation): I think he is over 70 years of age.

Mr. RAYMOND (Translation): Could the Postmaster General be more precise?

Mr. SAUVE (Translation): I would not care to go as far back as his baptism.

Mr. RAYMOND (Translation): No, but after his baptism.

Mr. SAUVE: (Translation): I think he is 70 years old.

Mr. RAYMOND (Translation): I am informed that he is over 75 years old.

Mr. SAUVE (Translation): Then, he is older?

Mr. RAYMOND (Translation): Could the Postmaster General make certain of his information?

Mr. SAUVE (Translation): Well! Will the hon. member complete his question?

Mr. RAYMOND (Translation): Complete my question?

Mr. MERCIER (Translation): Might we not agree on 73 years of age?

Mr. RAYMOND (Translation): What is the age limit in the service?

Mr. SAUVE (Translation): Sixty-five years.

Mr. RAYMOND (Translation): Could the hon. Postmaster General state why, this gentleman, being over 70 years old, is still in the service?

Mr. SAUVE (Translation): I have no objection, the hon. member for Gloucester is perfectly aware—

Mr. RAYMOND (Translation): I would prefer to obtain the information from the present Postmaster General.

Mr. SAUVE (Translation): The hon. member for Beauharnois will allow me, I trust, to credit his friend, the ex-Postmaster General with some experience and efficiency. Mr. Tanner Green is an efficient official—

Mr. RAYMOND (Translation): In age!

Mr. SAUVE (Translation): When the hon. member reaches his age, he will be very glad of being shown some regard.

Mr. RAYMOND (Translation): I shall die before I reach that age.

Mr. SAUVE (Translation): Mr. Tanner Green is an efficient official and, if the hon. member is not aware of it, the hon. members from the district of Quebec are aware that we have a new postmaster in that city, that we are carrying out a reorganization and we require for some time more the experience and efficiency of Mr. Green and it is on such representations that I consented to keep him for some time in the service

Mr. RAYMOND (Translation): Could the hon. Postmaster General explain in what consists his efficiency. In political "partisanship"?

Mr. SAUVE (Translation): If he were a political partisan, I would be at a loss to understand what is a partisan—

Mr. MERCIER (St. Henri) (Translation): Were he to die?

Mr. SAUVE (Translation): I beg your pardon—because the Conservatives told me, when I became Postmaster General, that he was a downright grit.

Mr. MERCIER (St. Henri) (Translation): And what did you find out since you are there?

Mr. SAUVE (Translation): I found out that he was a perfect civil employee.

Mr. MERCIER (St. Henri) (Translation): And a good tory?

Mr. SAUVE (Translation): He never mixed into politics to my knowledge. I really do not know his political allegiance.

Mr. RAYMOND (Translation): You could perhaps investigate on that?

Mr. SAUVE (Translation): Is the hon. member serious?

Mr. RAYMOND (Translation): Yes, because I know that such investigations were held.

Mr. SAUVE (Translation): Then we shall have one.

Mr. MERCIER (St. Henri) (Translation): Were he to die, what would you do about reorganization?

Mr. CASGRAIN (Translation): Mr. Chairman, following the remarks made by the hon. member for Beauharnois about Mr. Tanner Green, I could repeat what I said this afternoon. I know him personally and all I said about Mr. Anderson can apply to him. I agree with the minister that he is very competent. Now, the same principle applies; all these high officials, however competent they are and while you must bow to their knowledge and authority, should retire from the service when they have reached the age fixed by the law. There always stands the question of justice towards the lower grade civil servants who spend the better part of their life trying to make good for their family and to get a better job. They are unable to get a promotion because the gentlemen who occupy the high positions do not retire when they have reached the age limit. Could the minister explain one thing about this matter? How is it that, in this item No. 21, it has been found necessary to add a last special paragraph about Mr. G. C. Anderson:

> ... and to provide for the continuance in office of G. C. Anderson as superintendent of mail contracts, from April 1, 1934, to March 31, 1935.

—and that the same thing was omitted about Mr. Tanner Green, whose situation is the same and who has reached the age limit? Where can we find his salary mentioned? Since you have, in the case of Mr. Anderson, to mention his salary specifically, how is it that the same thing does not apply in Mr. Tanner Green's case? I would like to have this information.

Mr. SAUVE (Translation): It is very simple; it is because Mr. Anderson is over seventy-five years old and that consequently, according to an order—

Mr. MERCIER (St. Henri) (Translation): He is required also for reorganization, is he not?

Mr. SAUVE (Translation): Does the hon. member for Charlevoix-Saguenay accept the explanation given by the hon. member for St. Henri?

Mr. CASGRAIN (Translation): I prefer to get explanations from the hon. minister, although I have the greatest regard for my hon. friend from St. Henri.

Mr. SAUVE (Translation): The reason is that Mr. Anderson is over seventy-five years of age.

Mr. CASGRAIN (Translation): Shall I understand that it is necessary to mention in the estimates the salary of a civil servant who is over seventy-five years old, but that this is not necessary in the case of an official who has exceeded by only five years the age of retirement?

Mr. SAUVE (Translation): An order in council is sufficient in that case.

Mr. MERCIER (St. Henri) (Translation): I asked a moment ago if the Postmaster General could tell me how many postmasters have been dismissed in each province. I

notice that the two excellent officials who sit near the minister have made the necessary calculations. The minister should be able to give us those figures now.

Mr. SAUVE (Translation): To satisfy the hon. member for St. Henri.

Mr. MERCIER (St. Henri) (Translation): Not only to satisfy me, but to satisfy the people of Canada.

Mr. LAFLECHE (Translation): This is not a satisfaction.

Mr. MERCIER (St. Henri) (Translation): You had the satisfaction of dismissing them.

Mr. SAUVE (Translation): Will the hon. member for St. Henri allow me to answer his question?

Mr. MERCIER (St. Henri) (Translation): I was interrupted by the hon. member for Richmond-Wolfe.

Mr. SAUVE (Translation): You were not more serious before that.

Mr. MERCIER (St. Henri) (Translation): This is rather serious.

Mr. SAUVE (Translation): Prince Edward Island, 10; Nova Scotia, 173; New Brunswick, 86; Ontario, 10; Saskatchewan, 28; Alberta, 22; British Columbia, 7.

Mr. CASGRAIN (Translation): Quebec?

Mr. SAUVE (Translation): The figure is the same as it was a moment ago.

Mr. CASGRAIN (Translation): What figure was given a moment ago?

Mr. SAUVE (Translation): 295.

Mr. CASGRAIN (Translation): The province of Quebec, your province, heads the list?

Mr. SAUVE (Translation): As always, just as was the case when the hon. member was lauding the government which he supported.

Mr. CASGRAIN (Translation): How many were there under the previous government?

Mr. LAFLECHE (Translation): There were many. I was one of them.

Mr. MERCIER (St. Henri) (Translation): You do not know, because you were not here.

Mr. SAUVE (Translation): The hon. member for Richmond-Wolfe himself was dismissed.

Mr. POULIOT (Translation): Will the hon. minister tell us how many postmasters were appointed by him, both temporarily and permanently, since August, 1930?

Mr. SAUVE (Translation): I have not these figures here; I will be able to-morrow to give them to the hon. member.

Mr. VENIOT (Translation): Will the minister allow me to ask him some questions now, so that he may answer to-morrow. I know that he cannot give us that information to-night. I want to know what was for the year ending March 31, 1934 the revenue from first-class matter; also the amount received for the transportation of newspapers; the tax collected on postal notes and money orders. Then what are the gross receipts and net receipts of this last year? What was the amount spent during the year ended March 31, 1934?

Mr. POULIOT (Translation): Adding another question, I want the hon. minister to tell us what was the supplementary revenue accrued to the federal treasury from the additional cent charged for letter stamp since this tax was put into effect.

Mr. SAUVE (Translation): I will get that.

Mr. POULIOT (Translation): I have a last question to put to the minister. Is it not a fact that he has appointed from 4,500 to 5,000 postmasters since he is Postmaster General?

Mr. SAUVE (Translation): No, I swear it is not so.

Mr. VENIOT (Translation): Mr. Chairman, we are discussing to-night the item on civil government.

Mr. SAUVE (Translation): The discussion has gone beyond the limit of this item.

Mr. VENIOT (Translation): The general estimates remain to be voted, and on these three items we shall be able to discuss all matters concerning the administration of the Postmaster General's department. Could I suggest that we carry to-night the item that we are discussing now? We could continue the discussion on the general estimates. I suggest that the item on civil government be adopted to-night.

Mr. SAUVE (Translation): The discussion has somewhat exceeded the limit of this item No. 21. Both items were discussed. The practice is to adopt item 21 without discussion.

Mr. RAYMOND (Translation): There was a general discussion.

Mr. SAUVE (Translation): Both items were discussed to-day.

Mr. LAPOINTE (Translation): When the other item comes up for discussion, there will be that much saved (sauvé).

Mr. SAUVE (Translation): We can proceed until eleven o'clock.

Mr. MERCIER (St. Henri) (Translation): We shall continue on item 21 since you insist: the contingencies.

Mr. SAUVE (Translation): I understand that item 21 is adopted.

Mr. MERCIER (St. Henri) (Translation): No, not yet. Would the minister give us the particulars about the contingencies?

Mr. SAUVE (Translation): I have not these particulars here; I will give them to-morrow.

Mr. JEAN (Translation): Could the hon. Postmaster General inform the house whether, in the total of item No. 21 the ten per cent deducted from employees, during the year is taken into account?

Mr. SAUVE (Translation): Certainly.

Mr. JEAN (Translation): Then, I gather that the ten per cent is deducted from this item of $1,145,000?

Mr. SAUVE (Translation): Certainly.

Mr. JEAN (Translation): At page 88 of the budget's appropriations, we find the detail of salaries of item 21 and the ten per cent has not been deducted. The addition is made and it amounts to $1,145,000, the same amount as at page 9. It is the same question that was raised the other day in connection with another department; we actually vote the entire amount of the salaries?

Mr. SAUVE (Translation): No.

Mr. JEAN (Translation): Such salaries are subject to the deductions of ten per cent?

Mr. MERCIER (St. Henri) (Translation): The grand total, here, at page 89, is $1,145,000, exactly the same amount as the item we are discussing. We vote $1,145,000 without taking into account the ten per cent deduction. Could the hon. Postmaster General furnish this information to-day?

Mr. SAUVE (Translation): I shall furnish it to-morrow.

Mr. MERCIER (St. Henri) (Translation): On the occasion of your trip to Europe, you stated, in France, at a large banquet, and rightly, that the French people should taste our maple syrup and also utilize it as much as possible, especially by mixing it with French tobacco so as to give it a better aroma. Did the Minister of Agriculture avail himself of the services of the Post Office Department to send maple syrup samples to France? I was informed at the department that hundreds of gallons of maple syrup were shipped to France and that these shipments brought in a considerable revenue to the Post Office Department.

Mr. SAUVE (Translation): I would request the hon. member to verify his information because I am unaware of the fact.

Mr. MERCIER (St. Henri) (Translation): Did you state that more maple syrup should be mixed with French tobacco?

Mr. SAUVE (Translation): It was simply a casual remark. I did not make any speech in this connection. Some one remarked that maple syrup was used with tobacco. I simply added that they should use more. The press gave this incident great importance, the same thing happens even for the speeches of the hon. member for St. Henri.

Mr. POULIOT (Translation): If they thought it so important, it is because the Postmaster General is a connoisseur in tobacco.

Mr. VENIOT (Translation): Coming back to a question put by the hon. member for Maisonneuve, relating to the ten per cent cut, if the postmaster will look up page 89, he will note that the ten per cent has been deducted; $127,236 was deducted from $1,145,000, just as it appears in item No. 21, in which the ten per cent is not included. The Postmaster General will have no need to search any longer in order to give a reply to-morrow; it is here.

Mr. TOTZKE: I have not been able to follow the discussion and I do not know what item we are on, but before the minister takes his estimates out of committee I should like to ask him to see that a report that I asked for, passed by the house on April 16, with reference to the dismissal of the postmaster at Hoey, Saskatchewan, is brought down.

Mr. SAUVE: The return asked for will be tabled to-morrow or on Monday next.

Mr. TOTZKE: I should like it to be done before this estimate is taken out of the committee.

Mr. VENIOT: I want to ask a couple more questions. I do not expect the minister to answer them to-night, because he may not have expected them and may have to look up the records.

Has there been any deficit in the air mail service between Montreal and Albany?

Mr. SAUVE: We shall give the answer to-morrow.

Mr. VENIOT: What is the name of the contractor for the air mail service between Pembina, Winnipeg and the United States border?

Mr. SAUVE: It is Canadian Airways.

Mr. VENIOT: I know it is Canadian Airways, but there is another question connected with that. What is the price per mile, or per pound if it is on a poundage basis, for carrying the mail; and does this company, Canadian Airways Limited, carry the mail over Canadian territory to the American border? I ask the question because my information is that while Canadian Airways have the contract from Winnipeg to the border they are not to-day carrying the mail by their own planes but have entered into an agreement with an American company to carry it through to Winnipeg over Canadian territory. I want to know if that information is correct.

Mr. POULIOT (Translation): Has Mr. Joseph Arthur Morin, returned soldier, been appointed postmaster at St. Joseph d'Alma?

Mr. SAUVE (Translation): The case is still pending.

Mr. POULIOT (Translation): The Postmaster General is aware of the fact that he has been appointed by the Civil Service Commission, but that his appointment has not been ratified by the department?

Mr. SAUVE (Translation): Yes.

Mr. POULIOT (Translation): When will the hon. Postmaster General be in a position to give a definite answer to Mr. Morin, in this respect?

Mr. SAUVE (Translation): As soon as possible.

Mr. POULIOT (Translation): What does "as soon as possible" mean? That may be the week where there are three Thursdays, that may mean next week or to-morrow.

Mr. SAUVE (Translation): Perhaps to-morrow, perhaps next week.

Mr. POULIOT (Translation): Will it be the week after next week?

Mr. SAUVE (Translation): As to a reply?

Mr. POULIOT (Translation): As to a definite reply.

Mr. SAUVE (Translation): I am waiting for certain information and certain supporting documents.

Mr. POULIOT (Translation): I am not asking the Postmaster General what will be his decision, I am inquiring at what date he will be in a position to give a definite reply. Between now and the end of June?

Mr. SAUVE (Translation): Certainly.

Mr. POULIOT (Translation): Before the end of the session?

Mr. SAUVE (Translation): I cannot tell when the session will end.

Mr. VENIOT: Preparatory to the minister coming to the committee again—we cannot get the estimate through to-night; it is now ten minutes to eleven—may I ask if he will have ready for the next sitting a report touching the situation in the city of Saint John in regard to the superintendent of postal service for New Brunswick, and let the committee know when we may expect the nomination.

Mr. SAUVE: Yes.

Item agreed to.

Mr. VENIOT: May I suggest, in view of the fact that we may have some discussion on the three items that remain, that we move out of committee?

Mr. BENNETT: We are going to.

Progress reported.

On motion of Mr. Bennett the house adjourned at 10.55 p.m.

Friday, June 1, 1934

.The house met at three o'clock.

FIRST NARROWS BRIDGE

Hon. C. H. CAHAN (Secretary of State): Mr. Speaker, I beg to table parliamentary return number 185. This is the return which the hon. member for North Vancouver (Mr. Munn) was asking about yesterday, I do not think there has been any delay in its preparation as it is very comprehensive and was asked for only in the second week of May.

EXCISE ACT AMENDMENT

Hon. R. C. MATTHEWS (Minister of National Revenue) moved for leave to introduce Bill No. 89, to amend and consolidate the Excise Act.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Explain.

Mr. MATTHEWS: This bill is to amend and consolidate the Excise Act. This act was consolidated in 1927 at the time of the general revision of the statutes, but the last actual revision took place in 1883. A departmental committee consisting of the commissioner of excise, the law clerk of the House of Commons, the departmental solicitor and the former chief inspector of excise has been engaged on this work for the past six months. This bill should not be contentious because in the main it consists of the consolidation of the act to include the various amendments passed since 1927. There is some rearrangement and reduction of sections as well as a simplification of language without essential change in meaning, and it is intended to facilitate the general administrative work of the department.

Mr. MACKENZIE KING: Are there no new sections?

Mr. MATTHEWS: There are no new sections of any great moment.

Mr. MACKENZIE KING: I suppose the house can count on the minister letting it know as to anything it contains in the way of new legislation?

Mr. MATTHEWS: Oh, yes, that will be shown in the bill.

Motion agreed to and bill read the first time.

INDIAN ACT AMENDMENT

Hon. THOMAS G. MURPHY (Minister of the Interior) moved for leave to introduce Bill No. 90, respecting the Caughnawaga Indian reserve and to amend the Indian Act.

Some hon. MEMBERS: Explain.

Mr. MURPHY: Under the terms of an order in council, P.C. 466, of March 5, 1889, the provisions of the Indian Advancement Act, chapter 44, Revised Statutes of Canada, 1886, were applied to the Iroquois Indians of Caughnawaga, in the province of Quebec, and for the purpose of giving effect to the application of the act, the reserve at Caughnawaga was designated "Caughnawaga Indian reserve" and divided into six sections.

On July 12, 1906, an order in council, P.C. 1419, in the purported exercise of the powers conferred by section 4 of the Indian Advancement Act, it was provided that the division of the Caughnawaga Indian reserve into sections be done away with, and that the said reserve be comprised in one section.

It now appears there was no provision of the Indian Act, or of any statute, authorizing the making of the last mentioned order in council.

It is provided under the terms of this bill that all acts committed pursuant to the provisions of the order in council of July 12, 1906, P.C. 1419, be made valid and effective, and provision is also made for again dividing the reserve into six sections.

Mr. CASGRAIN: Is this legislation being brought down at the request of the people living on the reserve?

Mr. BENNETT (Prime Minister): It is to validate invalid legislation by order in council.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READING—SENATE BILLS

Bill No. 86, for the relief of Blanche Marjorie Short Hanson—Mr. Bell (St. Antoine).

Bill No. 87, for the relief of Fenwick William Smith—Mr. Heaps.

COURTS OF ADMIRALTY

Hon. HUGH GUTHRIE (Minister of Justice) moved the first reading of Bill No. 88, respecting Courts of Admiralty.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: This is a bill to amend and consolidate the law in respect of courts of admiralty and to bring it under the jurisdiction of Canada, more particularly having regard to the statute of Westminster. The bill has been passed by the Senate.

Motion agreed to and bill read the first time.

CANADA SHIPPING ACT

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): May I ask the Minister of Marine when he expects to introduce the Canada Shipping Act Amendment bill and whether it is intended to refer it to a special committee of the house.

Hon. ALFRED DURANLEAU (Minister of Marine): I hope to move the first reading of the bill on Monday. I do not think it will have to go to a special committee; it will go before the committee of the whole house.

DOMINION COMPANIES ACT

Hon. C. H. CAHAN (Secretary of State) moved the third reading of Bill No. 64, respecting dominion companies.

Motion agreed to, and bill read the third time and passed.

BANK ACT AMENDMENT

CONDITIONS GOVERNING TEN YEAR EXTENSION OF BANK CHARTERS

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee on Bill No. 18, respecting banks and banking.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Sections 1 to 4 inclusive agreed to.

On section 5—Bank charters continued to July 1, 1944, as to some particulars.

Mr. MACKENZIE (Vancouver): I would ask that this section stand.

Section stands.

Sections 6 to 19 inclusive agreed to.

On section 20—Qualification of directors.

Mr. IRVINE: I would like to have this clause stand.

Section stands.

On section 21—Election of directors.

Mr. IRVINE: I would like this clause to stand also.

Section stands.

Sections 22 to 27 inclusive agreed to.

On section 28—General powers of directors.

Mr. MACKENZIE (Vancouver): Stand.

Section stands.

On section 29—Appointment of officers.

Mr. IRVINE: I would like this clause to stand.

Section stands.

Sections 30 and 31 agreed to.

On section 32—Increase of capital.

Mr. MACKENZIE (Vancouver): Stand.

Section stands.

Sections 33 to 52 inclusive agreed to.

On section 53—Statement to be laid before annual general meeting.

Mr. MACKENZIE (Vancouver): Stand.

Section stands.

Section 54 agreed to.

On section 55—Who qualified to audit.

Mr. MACKENZIE (Vancouver): Stand.

Section stands.

On section 56—Inspector general of banks to be appointed.

Mr. RHODES: I have an amendment to move to this clause. I move:

That subsection 11 of section 56 be struck out and the following substituted therefor:

Whenever the inspector is satisfied that a bank is insolvent he shall report fully on the bank's condition to the minister, and the minister may, without waiting for the bank to suspend payment in specie or dominion or Bank of Canada notes, of any of its liabilities as they accrue, forthwith appoint in writing a curator to supervise the affairs of such bank, and such appointment shall have the same effect as if the bank had suspended payment in specie or dominion or Bank of Canada notes of any of its liabilities as they accrued.

This amendment is to bring the subclause into conformity with clauses 117 and 118 which were amended in similar fashion in the committee on banking and commerce.

Mr. MACKENZIE (Vancouver): It gives the minister instead of the association power directly to appoint.

Mr. RHODES: Yes, it substitutes the minister for the Canadian Bankers' Association.

Amendment agreed to.

Section as amended agreed to.

On section 57—Quarterly or half-yearly dividends.

Mr. COOTE: Stand.

Section stands.

Section 58 agreed to.

On section 59—Cash reserves in dominion notes.

Mr. MACKENZIE (Vancouver): Stand.

Section stands.

On section 60—Issue of notes.

Mr. MACKENZIE (Vancouver): Stand.

Section stands.

Sections 61 to 66 inclusive agreed to.

On section 67—Refund of deposit if bank is wound up.

Mr. MACKENZIE (Vancouver): May I ask how far the powers of the treasury board will be limited or circumscribed as a result of the new legislation?

Mr. RHODES: There will be no change in the position except that my hon. friend will recall that under the provisions as now outlined the circulation of the banks will dis-

appear stage by stage, and this section will be required until the circulation of the banks entirely disappears.

Section agreed to.

Sections 68 to 74 inclusive agreed to.

On section 75—Business and powers of bank.

Mr. COOTE: Stand.

Mr. RHODES: Perhaps I had better give notice of an amendment which I propose to move, so that it will be before the committee, although of course the section will stand. The amendment is designed to permit the bank's name to appear on prospectuses or advertisements in respect of certain types of securities which are peculiar to the province of Quebec. The proposed amendment is:

That paragraph (g) of subsection (2) of section 75 be amended by inserting the words "or related school board or parish trustees" after the word "municipality" in line 6 of the said paragraph, and by inserting the words "or unless provision is made for the payment thereof and the interest thereon by a province pursuant to its statutes" at the end of the paragraph.

Section stands.

Sections 76 and 77 agreed to.

On section 78—Acquisition of real estate.

Mr. MACKENZIE (Vancouver): What was the section dealing with investment bankers, which it was arranged in the committee should stand for discussion in the house?

Mr. STANLEY: Section 166.

Section agreed to.

Sections 79 to 87 inclusive agreed to.

On section 88—Loans to certain wholesale dealers.

Mr. MACKENZIE (Vancouver): Stand.

Section stands.

On section 89—Goods manufactured from articles pledged.

Mr. CASGRAIN: It goes with section 88.

Section stands.

Section 90 agreed to.

On section 91—Interest exceeding 7 per cent shall not be charged.

Mr. MACKENZIE (Vancouver): Stand.

Section stands.

Sections 92 to 95 inclusive agreed to.

[Mr. Rhodes.]

On section 96—Bank not bound to see to trust in deposits.

Mr. RHODES: I have an amendment to propose:

That subsection (2) of section 96 be amended by inserting after the words "such persons" in the fifth line of the said subsection the words "or of such of them as under the document creating the trust may be entitled to receive such deposit."

The purpose of this amendment is obvious of course. It is to permit the withdrawal of deposits subject to trusts of which the bank has notice to be made in accordance with the terms of the document creating the trust where such document does not require the signature of all parties to the trust.

Amendment agreed to.

Section as amended agreed to.

Sections 97 to 111 inclusive agreed to.

On section 112—Monthly returns.

Mr. MACKENZIE (Vancouver): Stand.

Section stands.

Section 113 agreed to.

On section 114—Annual returns of unpaid dividends and balances.

Mr. RHODES: I have an amendment:

That subsection (12) of section 114 be struck out and the following substituted therefor:

The returns referred to in subsections (1) to (9) inclusive of this section and a compilation for all banks of the respective items of information contained in the returns required by subsections (10) and (11) of this section shall be laid before parliament by the minister at the next session thereof.

By way of explanation it is submitted that the new returns required under subsections (10) and (11) of this section possibly should not, as in the case of lists of shareholders and returns of unclaimed balances, be tabled in parliament so as to show the information for individual banks. The proposed amendment accordingly provides that a summary for all banks of the information contained in these new returns shall be tabled, rather than the individual returns themselves. The committee will see the object of the amendment; it is intended that information with respect to individual banks shall not be disclosed, but that the total position shall be made known.

I have another amendment to subsection (11). It is that the subsection be struck out and the following substituted therefor:

The bank shall once in each year transmit or deliver to the minister a return in respect of all deposits by the public held by the bank

in Canada at a date to be specified by the treasury board, showing as to deposits payable on demand and also as to deposits payable after notice, the number and aggregate amount of such deposits in each of the following classes:

1. Deposits under $1,000.
2. Deposits over $1,000 to $5,000.
3. Deposits over $5,000 to $25,000.
4. Deposits over $25,000 to $100,000.
5. Deposits in excess of $100,000.

Mr. MACKENZIE (Vancouver): What is the alteration from the existing subsection?

Mr. RHODES: It is merely a change in wording which is thought to be more precise than the subsection as passed by the committee, which was prepared somewhat hurriedly.

Amendments agreed to.

Section as amended agreed to.

Sections 115 and 116 agreed to.

On section 117—Association to appoint curator.

Mr. RHODES: I do not know that it is material, but perhaps the side note ought to be changed from "association to appoint curator" to "minister to appoint curator." However, I am advised that in the ordinary course it is the duty of the law clerk to make such alterations.

Section agreed to.

Sections 118 to 123 inclusive agreed to.

Sections 124 and 125 stand.

Sections 126 to 137 inclusive agreed to.

Section 138 stands.

Sections 139 to 150 inclusive agreed to.

Section 151 stands.

Sections 152 to 165 inclusive agreed to.

Section 166 stands.

Sections 167 to 170 inclusive agreed to.

Mr. COOTE: We have gone over the act rather hurriedly, and I wonder if there would be any objection to letting section 99 stand. I did not hear that section called.

Mr. RHODES: Certainly.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Section 99 will stand.

Schedules A to J inclusive agreed to.

Mr. RHODES: Is it the wish of the committee that we should revert to the sections that stood or should we leave them for another day?

Mr. MACKENZIE (Vancouver): Some of the members who are absent have expressed the desire that some of the sections mentioned should be left over for further discussion at a later date.

Mr. RHODES: Then I move, Mr. Chairman, that the committee rise, report progress and ask leave to sit again.

Mr. NEILL: Would the minister be good enough to allow that section to stand which deals with the charge on cheques? Is it section 91?

Mr. COOTE: I think it is section 91, and it stood.

Mr. RHODES: Section 91 stands. Does that cover what my hon. friend has in mind?

Mr. COOTE: Subsection 4 of section 91 I think was wanted to stand.

Mr. RHODES: At all events it can be understood that if this particular section does not cover all the matters my hon. friend has in mind there will be no objection to his reopening a section that has passed.

Mr. McINTOSH: Is further discussion precluded on the clauses that have been announced as carried?

Mr. RHODES: Of course, it would be desirable to have orderly procedure.

Mr. McINTOSH: There might be special circumstances under which a member might wish to discuss a certain clause that has carried.

Mr. RHODES: As far as I am concerned I should make no objection.

Progress reported.

SUPPLY

POST OFFICE—OUTSIDE SERVICE

The house in committee of supply, Mr. Gobeil in the chair.

Salaries and allowances, $15,219,219.

Mail services, including mail service by air, $13,402,450.

Miscellaneous, including $5,000 to provide for payment of compassionate allowances to employees injured while in the performance of their duties or to other persons injured while performing duties in any way connected with the postal service or in protecting His Majesty's mails, or to the dependents of such employees or other persons who may be killed while so engaged, payments to be made only on the specific authority of the governor in council, $1,000,000.

Mr. LUCAS: I would ask the Postmaster General if any action has been taken or consideration given to the position of the revenue postmasters who have had their remuneration greatly reduced by the fall in revenue and also by the ten per cent deduction. These

postmasters are placed in a much different position from the average civil servant on a fixed salary, less the ten per cent deduction, for their remuneration is based on the revenue of their post office, and that revenue has been greatly reduced in recent years, automatically reducing their remuneration, and on top of that they have had the ten per cent deduction. So they are in a very unfavourable position as compared with the average civil servant. Is the Postmaster General doing anything for these postmasters?

Mr. SAUVE: As I said last night, the matter is under consideration. The revenues are increasing.

Mr. LUCAS: I would say to the Postmaster General that these revenue postmasters have been in this position for two years now, and I think it is time that some action was taken instead of further consideration. Can the Postmaster General not say that something will be done for them in a reasonable time?

Mr. SAUVE: As I have said, we expect so.

Mr. VENIOT: When the budget was introduced I took this matter up in the house with the Minister of Finance. I called his attention to what I considered to be the injustice which has been referred to by the hon. member who has just taken his seat (Mr. Lucas), and the Minister of Finance promised he would go fully into the matter and that if such an injustice existed as I pointed out, it would be rectified. Might I suggest that the Postmaster General and the Minister of Finance get together on this question after interviewing the representatives of the postmasters concerned, that is, the officials of their association? The officials of the department may be able to arrive at a satisfactory conclusion without going to the trouble of interviewing representatives of the postmasters' association, but I think it would be more satisfactory if some of the officials of that association, say the president and the secretary, were called into consultation with the Postmaster General and the Minister of Finance. In that way I think an agreement could be more readily reached.

Mr. HEAPS: When a vacancy occurs in one of these positions how is it filled, may I ask?

Mr. SAUVE: Over $3,000, it is a matter for the civil service commission.

Mr. HEAPS: What about under $3,000?

Mr. SAUVE: Then it is the Post Office Department.

[Mr. Lucas.]

Mr. HEAPS: How does the Post Office Department appoint these postmasters?

Mr. SAUVE: It depends.

Mr. HEAPS: What is the consideration? I should like to know what qualifications a man has to have.

Mr. SAUVE: Returned soldiers have the preference.

Mr. HEAPS: How many returned soldiers were appointed in the past few years?

Mr. SAUVE: I have not the figures.

Mr. HEAPS: Does the Postmaster General say that only returned soldiers have been appointed to these vacancies?

Mr. SAUVE: The great majority.

Mr. HEAPS: Perhaps the Postmaster General is familiar with the case which I have in mind. Some time ago a vacancy occurred in my own constituency. I am not complaining because this vacancy was created by the person who had been appointed being dismissed but I have serious complaint to make as to the way in which the vacancy was filled. I realize that to the victor belongs the spoils and I have no objection to a Conservative being appointed to a position when there is a vacancy.

Mr. McINTOSH: If he is efficient.

Mr. HEAPS: That is one consideration. However, I do think that when these appointments are made some regard should be had for the kind of people appointed. As I said, a vacancy occurred in the district which I have the honour to represent in this house. When it became known who was to be appointed, protests were made by many individuals in Winnipeg. I protested against the appointment, I wrote to the Postmaster General but I got as much satisfaction from the department as I would have got if I had written to this desk. This man was not a returned man and I objected to his being appointed because he had a fairly long criminal record. However, he was appointed to handle His Majesty's mail and when I protested and kept on protesting, I got no satisfaction. A short time after this man was appointed his son came out of the penitentiary and he helped his father to handle the registered mail in the post office. I protested again and finally the post office was transferred from the father to the daughter as a means of evading the issue. Is this all the satisfaction a member of parliament can get from the department? I got in touch with

the department on a question of policy but I could get no satisfaction. I actually went down to see the minister in his office, I made an appointment but I was unable to see him. I think it is a rather sad state of affairs when a man of this type is appointed to a position of this kind for purely political considerations. This man has been appointed to handle the mails and other valuables which go through the post office of a thickly populated district. To my own personal knowledge I know that many people in the district refuse to take their mail to this post office because of the record of the individual who has been appointed by the Postmaster General.

Mr. SAUVE: I regret very much that the hon. member could not see me at my office because every hon. member is welcome in my office when I am there.

Mr. HEAPS: Is that all the answer the Postmaster General is going to make to my complaint?

Mr. SAUVE: Oh, no, I shall take the matter under consideration.

Mr. HEAPS: I complained in writing even before the appointment was made. I took it up with the officials who were there and all that I have said can be confirmed. Yet I was unable to get anything in the way of satisfaction. It may be true that I am welcome in the office of the Postmaster General but I sat there for three-quarters of an hour and watched others going in and coming out while I was still waiting. I had given my name and stated that I wanted to see the Postmaster General on this particular question. This matter is a couple of years old now but this is the first chance I have had to raise it. I made an appointment with the Postmaster General for a certain time but I could not wait longer than three-quarters of an hour. Although this is in my own constituency I have no personal axe to grind. Possibly I may lose more than I may gain through creating antagonism in some of the individuals concerned. I think the main consideration in filling these vacancies should be efficiency and good character. I do not think the recommendation of a member of parliament should be taken into consideration. I would rather see the permanent officials of the government make these appointments. These appointments should be made purely on the basis of efficiency. At present they are just political footballs. When the Conservatives come into power they dismiss a large number of Liberals and a large number of Conservatives take their places; when the Liberals come into power I have no doubt that they will replace a large number of Conservatives with a large number of Liberals.

Mr. RALSTON: Hear, hear.

Mr. HEAPS: That may be anticipation. I do not think any hon. member viewing this matter apart from ordinary party prejudice would say that that is good for the public service. I think it is detrimental to the public service and I think it would be a good thing for the department and for hon. members if hon. members had nothing whatsoever to do with the nomination of men to fill vacancies. I am pointing out this case as an example of the vicious system of party patronage. I know how the appointment was made as I saw some of the files subsequently. It was made on the recommendation of the defeated Conservative candidate. I do not know why any candidate or any member of parliament should want to interfere in these appointments. I believe that by doing so he makes more enemies than friends, because when the appointment is to be made by patronage he may receive as many as ten requests for the position and he can satisfy only one. I should like to get an undertaking from the Postmaster General—I hope hon. members on both sides will support me in this—that these appointments to vacancies will be made without any flavour of partisanship and be based purely on merit. If I had anything to do with the administration of this department I would not fire a single postmaster unless he were inefficient and unable to perform his duties. So long as he was doing his task efficiently he would have the opportunity of staying in his position. There may be a change in government in twelve months or so and if that happens a number of these postmasters will know that, metaphorically speaking, their heads are going to be chopped off. The efficiency of the public service is impaired by such action. Could I have some understanding from the Postmaster General that he will consider my suggestion? I do not want him just to say that he will take it into consideration, as that statement is becoming too much of a byword. I should like to have from both sides of the house something in the way of a definite understanding that in future political patronage will not play such a large part in the filling of these vacancies.

Mr. SAUVE: This postmaster was removed and replaced by his daughter. There is no complaint against the new postmistress. I shall be pleased to make an appointment with the hon. member and discuss the matter with him if he will let me know when he wishes to see me.

Mr. HEAPS: I shall be only too pleased to see the Postmaster General at any time. In this particular case I felt that an injustice was being done and I went so far as to get in touch with the chief of police in Winnipeg from whom I got the whole record of the father and son. I had it all ready to submit to the Postmaster General and I am still prepared to show it to him. It seems to me that when men of this character are appointed parliament iteslf is bound to suffer.

Mr. BROWN: The question raised by the hon. member for North Winnipeg (Mr. Heaps) is one of the most serious we have had brought before this house, especially from the point of view of the particular instance he cites. However, I was going to ask for some general information. When two years ago we removed from the control of the civil service commission post offices with a revenue of less than $3,000 some of us expressed the opinion that in the actual working out of the new system the soldier preference would not be observed. We felt that in all probability the tendency would be to discard it since the department would be under no obligation by law to observe that preference as the civil service commission is. In regard to the filling of vacancies that have occurred since that time, we should like to know to what extent if any the preference to returned soldiers has been observed. Has it been taken into account in the filling of these positions?

Mr. SAUVE: It has been observed; the department is still under obligation by law in that regard.

Mr. LUCHKOVICH: I fail to see the difference between a criminal given a post office job under Conservative regime and a criminal given a similar job under Liberal regime, unless it is that under Conservatives the criminal filches things conservatively and under Liberal regime he takes things liberally. I would ask the Postmaster General who advises him in regard to filling the vacancies in these small post offices. As far as I have been able to learn, the province of Quebec and the eastern provinces are more agitated over these vacancies than are the people in the west. I know a case in my own district where a man who had been the right hand man of an opponent in the election received the preference for a post office in Alberta, notwithstanding that he had participated in the election and that an absolutely new political regime had come into power since then. I have never been bothered with small post offices; indeed, we in the west regard these matters as too picayune to be worried about. There is however a post office in my district that needs consideration. In fact, it should have had consideration away back in 1927 when the aforementioned postmaster was appointed to that position. Are these men dismissed because of political activites or for other reasons? If it is because of their political activities, who gives the Postmaster General information in this regard?

Mr. SAUVE: When it is under $400 the department intervenes; where an amount in excess of that is involved a commissioner is appointed and an investigation held. We receive our information from members of parliament or from the defeated candidate.

Mr. LUCHKOVICH: But suppose he happens to be an independent member in this group, for instance; is that taken into consideration?

Mr. SAUVE: Surely.

Mr. COOTE: Can the minister give us the figures showing the extent of the rural mail service in each of the last four years?

Mr. SAUVE: Three and a quarter million dollars a year.

Mr. COOTE: What amount was spent in each of the years from 1930 to 1932 inclusive?

Mr. SAUVE: That information appears in the auditor general's report.

Mr. COOTE: Perhaps the minister will give us the information showing the amount spent in the mail service branch. Anything I might get out of the auditor general's report would be two years old, too ancient to suit my purpose. Will the minister give me the figures for that branch?

Mr. SAUVE: Yes.

Mr. McINTOSH: I was going to ask the minister what he would do in a case of this kind. Let us leave out of the question a politically appointed postmaster. Supposing the question of an appointment were to arise, for instance in a rural district, to a small post office; the postmaster in that district had served the public for five or ten or perhaps three or four years, had no enemies in the section, had been a splendid public servant, had done everything possible in fact to serve the public efficiently and yet a political clique in the district desired the appointment of maybe an outside man.

Mr. HEAPS: What is a political clique?

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

Mr. MACKENZIE (Vancouver): The C.C.F.

Mr. McINTOSH: And a petition is signed, for instance, by those in the district to the extent of eighty or ninety per cent asking that the services of the man should be retained in his position simply because they know he is honest, a first class public servant and one who has done his best by the district. What will the minister do in a case of that kind?

Mr. SAUVE: In what case?

Mr. McINTOSH: Where a patronage demand is made to have that man supplanted by someone else.

Mr. SAUVE: Can the hon. member give me a specific case?

Mr. McINTOSH: I could mention one but I think I had better give it to the minister privately. In the North Battleford riding there is a case where that was done; that is the case to which I refer and I can give the minister, whenever he wishes, the name of the post office. It is in a district where the man who was postmaster was also a retail merchant; he was looking after the post office for another man. The other man died and the position was declared vacant. This man who had been serving the public as a postmaster had to leave the office after eighty or ninety per cent of the people in the district had signed a petition asking that he be retained. Practically a political appointment was made.

Mr. SAUVE: The hon. member will be welcome to discuss that case with me when he can give me the name.

Mr. McINTOSH: Could the minister define his position in parliament with regard to a case of that kind? It is very important and I am satisfied that it is not the departmental officials who are back of such a move.

Mr. SAUVE: I do not understand the question of the hon. member. We are not here to suppose a case; we are here to discuss concrete cases. We have to discuss the affairs of the department but not in a hypothetical manner.

Mr. McINTOSH: The minister cannot put anything like that over me although he may do it with some people.

Mr. DUPRE: Will the hon. gentleman allow me?

Mr. McINTOSH: What is bothering the hon. gentleman? I am speaking to the question before the chair.

Mr. DUPRE: Let the hon. member continue and I will reply.

Mr. McINTOSH: I am speaking if the hon. member will give me time.

Mr. DUPRE: Take your time.

Mr. McINTOSH: I will take my time; do not bother about that. So far as the problem I am talking about is concerned, I may tell the minister there is no question that as a minister he is taking the advice of the patronage committees in the different ridings of western Canada and in particular the advice of the Conservative patronage committee in the riding of North Battleford. That is the cause of cases like the one I have mentioned. Even when ninety per cent of the people want a postmaster to remain, the minister listens to a small patronage committee and has a competent man dismissed or removed. I claim that is not fair and I stand for a public service that is efficient and has the unqualified support of the people concerned.

Mr. VENIOT: Yesterday I submitted to the minister several questions to which I understand he will be able to give the answers to-day. To these questions I would like to have the answers now if he can give them. For instance, I wanted to know the revenue received for the year ended March 31, 1934, from the sale of stamps, from newspaper postage, from the tax on postal notes and from the tax on money orders. By that I mean the war tax. Later on I wish to make some extended remarks in connection with the administration of the department and I shall require that information before I make those observations.

Mr. SAUVE: I have the information in writing. I shall hand it to the hon. member.

Mr. MACKENZIE (Vancouver): Do I understand the minister to say that the preference for ex-service men is still maintained by his department?

Mr. SAUVE: Yes.

Mr. MACKENZIE (Vancouver): I want to bring to the minister's attention a case of glaring injustice to an ex-service man in connection with a mail contract at Armstrong, British Columbia. I want to read an extract from a complaint I received from the Canadian Legion which is the ex-service men's organization in that district. It reads:

Re: Mail Contract, R.R. No. 3, Armstrong, B.C.

I have received a complaint from our Armstrong branch concerning the awarding of the above-mentioned contract by the Post Office Department. It appears that this contract has been held for some time by a veteran, Wellington J. Smith, a good clean-

living chap and one who has been an excellent worker for the legion and the community in Armstrong. He is pensioned for a leg wound.

We are further informed there have been no complaints concerning Mr. Smith but that when the contract was awarded recently it was given to a man called G. H. Game, who is not a returned man but is president of the local Conservative association. A member from our Armstrong branch has suggested your taking this up with the Postmaster General on the floor of the house.

Can the minister give me now the reasons for this change being made, why a disabled ex-service man who was apparently rendering satisfaction to the community was deprived of the contract which he had and the president of the local association was, obviously for political reasons, given the appointment.

Mr. SAUVE: There is a difference between postmasters and rural mail contractors. There is no preference for returned soldiers in connection with contracts for mail carriers. The matter depends on the tenders.

Mr. MACKENZIE (Vancouver): Is the minister assuring me that in this case the man who got the contract was the lowest tenderer? He was not. It was taken away from the ex-service man and given to the president of the local Conservative association.

Mr. SAUVE: I have not the details before me.

Mr. MACKENZIE (Vancouver): Is the minister assuring me that this man was the lowest tenderer for this mail contract at Armstrong?

Mr. SAUVE: I suppose so, but I have not the details in hand.

Mr. MACKENZIE (Vancouver): I would be glad if the minister would look into the matter and before his estimates go through, give me the actual details of the various tenders. My information may not be correct; I do not know the facts.

Mr. SAUVE: I have no objection to giving the details.

Mr. MACKENZIE (Vancouver): I have every desire to obtain them because if my information is incorrect, I would be glad to withdraw my question. My information is that the contract was not given to the lowest tenderer; that a disabled ex-service man who had given satisfaction to the community for some time was deprived of the contract and it was given for political reasons to the president of the local Conservative association. I cannot vouch for the correctness of my information, but if that is the case I think it reflects great discredit on someone in the department.

[Mr. I. Mackenzie.]

Mr. SAUVE: Did the hon. member ask information from my department about this case?

Mr. MACKENZIE (Vancouver): Yes, indeed, I brought it to the attention of the department. It was during the session; I think the minister was away at the time.

Mr. HEAPS: Can the Postmaster General inform the committee how many changes have been made in postmasters under the jurisdiction of the department since he has been Postmaster General?

Mr. SAUVE: I will get the information.

Mr. HEAPS: Is the information not available now?

Mr. SAUVE: No.

Mr. HEAPS: I would like that information, and I would like to have as well the reasons for the changes that have taken place. I know some may have been for good reasons, but a great many I doubt.

Mr. MACKENZIZE (Vancouver): Do I understand that the minister is going to give me that information later on?

Mr. SAUVE: Yes.

Mr. HOWDEN: I would like to bring to the attention of the Postmaster General a matter which ought to appeal to himself. St. Boniface, which I have the honour to represent, is essentially a French-Canadian city. It was described at one time by the Duke of Connaught as the birthplace of Roman Catholicism in western Canada. Some little time ago there was occasion to appoint a janitor or caretaker for the post office there. It must have been well known to the various departments of this government that it was desirable that any appointee in St. Boniface should be bilingual. However, on this occasion, when the appointment was advertised by the civil service commission they failed to specify the bilingual qualification.

Mr. SAUVE: If the hon. member will permit me to interrupt, that appointment comes under the public works department.

Mr. HOWDEN: Quite so, I understood that, but we failed to obtain any satisfaction in appealing to the Public Works department, and I thought this was a good opportunity to mention it. At all events, they failed to get their bilingual servant as they wished, and there is a great deal of dissatisfaction and indignation in St. Boniface over the appointment.

Mr. VENIOT: Having obtained the information that I asked for in regard to the sale of stamps and the revenue from newspaper postage, I wish now to deal with the service in a general way, under this item of salaries and allowances, or if you will under the next item, mail services. May I preface my remarks by saying that a review, as close as I can make it, of the business of the Post Office Department during the last two or three years has convinced me that the economy practiced has been very unwise. It is all right to practise economy, but when the service of the country is crippled it becomes a very serious matter. In the remarks I am about to make on that point I shall endeavour to show how the post office service of the country, which in 1930 and prior years was one of the best in the world as far as mail distribution is concerned, has been injured. With considerable pride I say that it had attained that position, and I am not saying that having reference only to the time that I had the honour of occupying the position of Postmaster General. I wish to give credit to the Postmasters General who preceded me under both parties. Especially I wish to give credit to the executive staff of the department. The energy displayed by them, the technical knowledge and the putting into execution of that knowledge have attracted the attention of many European countries and of the United States. It may be worth noting, and I think it is proper that I should place it on record, that in 1928 France looked into our distribution methods and was pleased to copy from them the system of distribution even for the city of Paris. I say this also to the credit of the officials of the department, that the United States copied from Canada, while the system was still in its infancy, a great deal of what they established in the way of air mail services. The United States started in the air mail business under the poundage system, and then found that they had made a great mistake. The assistant Postmaster General, I think his name was White, came to this country in 1928 or 1929 and took lessons from the officials of our Post Office Department who were in charge of air mail distribution.

Having thus indicated that the Canadian Post Office Department was on that sound basis, I wish to protest against the action taken by the government. I am not going to blame the minister, because as I look over the matter I find it is the policy adopted by the government, and I can readily understand how the minister would have to carry out that policy, a policy of retrenchment, of economy in every shape and form carried to such an extent that it has reached the very marrow in the bones of the constitution of the post office. That department has been crippled from one end to the other. I am going to give some figures to show how that has been brought about.

The cut in the expenditure for the mail service for the year ended March 31, 1933, amounted to $4,281,154.94. That was made up as follows:

Reduction of salaries..	$2,455,258
Cut in conveyance of mails by rail, water, air and land.. ..	1,583,469
	$4,038,727

The balance of the reduction is made up of smaller items. As I said before, Mr. Chairman, this reduction was made to the detriment of the public service. Let me point out a policy and principle which has been accepted by both sides of the house. In 1928, when I was in the position occupied by my friend opposite, it was pointed out that in the Post Office Department that year there was rather a heavy deficit. I undertook to justify that deficit by pointing out the necessity for the extension of the service, especially the air mail service; the need for new post offices and for the establishment of new public routes, and the fact that there were far flung sections of Canada that could not be reached except by air mail. At that time the expression of opinion on both sides of the house was to the effect that the Post Office Department was a department of public service. It was agreed that the department should give the best possible service to the people of Canada, that the better service given in the distribution of mail would add to the prosperity of the country. Deficits were not to be considered as serious. Of course it was understood that the minister and his officials would do the best they could to balance revenue and expenditure, but when the extension of service throughout the country conflicted with the expenditure of public money the minister was not to be condemned for a deficit. That policy was accepted by the house. It was something of a pleasure to me to feel that I had the absolute support not only of the party to which I belonged, the government of the day, but of the 245 members of the house.

That policy has not been carried out. I understand as well as anyone does the need for economy, but I believe economy can be practised without crippling the service. When that economy results in a decreased service to

the country, especially in the postal service, I say it is poorly judged and badly applied, and is not real economy. Let me point out that if you follow the record for the last three years you will discover that whenever there has been a cut in the public service there has been a corresponding cut in the revenues of the department, and for that reason I say that economy of this kind is not to be encouraged. I am sure the public would approve of the government, even in the face of deficits, keeping up the service rendered by the post office in years gone by.

Now let me take another example; I refer to the transportation of mail by rail. In the year ending March 31, 1931, I find that the service by rail covered 42,543,511 miles. In 1932-33 the mileage was cut down to 35,584,087, showing a falling off of practically 7,000,000 miles of rail haul in the delivery of mail throughout this country. Will anyone be bold enough to undertake to say that this was rendering efficient service to the people of Canada? Not at all; it shows that the service has been crippled. Oh, I know I will be met with the argument that the department had to conform to the reduced service given by the railways, but that does not account for this whole decrease. The reduced railway service may have accounted for some part of that falling off, but when I look at the service by land and water I find a corresponding decrease. It is impossible for me to state the extent of that decrease, because I have not all the details, but the department have neglected to take any steps to make up for the lessening of railway service brought about by the railway companies themselves.

Let me go further and take the salaries of the men in the service. There was a cut of over $70,000 last year in salaries alone. In 1930-31 fixed salaries amounted to $1,289,524. In 1932-33 they amounted to only something over $960,000, showing a decrease in salaries alone of $324,864. Could any stronger evidence be produced to prove that the service has been crippled than the figures I have just quoted? In looking over the report for the year ending March 31, 1933, however, I find that the Post Office Department claims a surplus of something over $600,000. In that report I find the following:

> This surplus is particularly encouraging in view of the fact that the post office operates primarily for the purpose of serving the public, and is not expected to provide a surplus.

It is supposed to serve the public. It cuts down the service by millions of dollars and declares a surplus, which it says is encouraging. Then, adding insult to injury, it states that the Post Office Department is not a surplus-producing branch of the government, but is supposed to give service. With that surplus of $600,000 or more in 1932, however, no improvement was made in 1933; the department continued cutting down and cutting out services. Last night the minister told us that some 500 post offices had been closed during his regime, from the fall of 1930 to the present time. I think in justice to himself at the same time the minister should have stated how many new post offices had been opened, though I do not think the number of new post offices would compare at all with the number of offices closed. Had the minister given that information last night I think it would have been of interest to the committee.

I now wish to deal with the surplus for a moment or two. The minister last night was asked by one of the hon. members on this side of the house if he could distinguish the revenue received by the Post Office Department from the war tax on postal notes and money orders, and on cheques and receipts generally which carry postage stamps. The minister could not give that information, and I am not blaming him for not being able to do it. One can only estimate the amount of money that would be collected through the Post Office Department through the sale of postage stamps, for use on receipts, and promissory notes. But there is a method, and a sure method, of calculating the war tax revenue collected on postal notes and money orders, and that information could have been given to the committee. In the budget that was brought down last year by the Minister of Finance a resolution was accepted by the house imposing a tax of three cents on all postal notes and money orders. A postal note of even five or ten cents had to pay a tax of three cents, and money orders had to pay the same amount of tax up a certain figure. Between postal notes and money orders there were some 18,000,000 issued in Canada for the year ending March 31, 1932, and if I am to take that as a basis of calculation and attempt to compute the amount that would be received in 1933, which I would be safe in doing—I have the calculation here, Mr. Chairman, which I shall give to the committee before I get through—it will be found roughly speaking, that on postal notes and money orders alone over $550,000 or an amount in that vicinity was received if the tax applied throughout the whole year. I think I am quite safe in adding another $300,000 received by the Post Office Department from the sale of stamps that were bought to be

affixed on notes, cheques, receipts and other documents requiring excise stamps.

I pointed out when that law was being passed that there should be a distinction made, that that was a tax that did not belong to the Post Office Department and that the revenue from it should go where it belongs, that it should be credited to the Department of National Revenue. Why? Because I did not want the people to be hoodwinked. I wanted no camouflage collection of that taxation. I wanted that tax which was collected for war taxation purposes to go into the Department of National Revenue where the people could find the details and know exactly how much direct taxation the government was imposing upon them. I was told at that time that the revenue accruing from this source went into the consolidated revenue. That was quite true. That was no information to me. My experience in government matters had taught me quite clearly that that revenue would find its way into the consolidated revenue of the country, but it would not find its way into the consolidated revenue in such a way that Tom Jones, or Bill Smith or anybody else could distinguish how much taxation the public had been called upon to pay in the form of excise stamps upon notes, and so forth.

Now is it any wonder that the Post Office Department can declare a surplus of over $600,000 in its operations in 1933, when it has a revenue to-day such as it never had before? If this revenue was directed to the proper channels, Mr. Chairman, the Post Office Department last year would have had a deficit of somewhere around four or five hundred thousand dollars, instead of the surplus they claim.

In connection with this surplus which is claimed by the Postmaster General, I have a report which was handed to me this afternoon by the minister in answer to some questions I placed before the house last night, and in which he states that the surplus in the department for the year ending March 31, 1934, is $1,164,734.97. I wish to draw to the attention of the committee the contradiction there is between that reported surplus and a statement that was made by the Minister of Finance when delivering his budget speech in this house a few weeks ago. I quote from Hansard of April 18, 1934, at page 2275, where the Minister of Finance says:

> The Post Office Department cost $30,800,000, being $300,000 in excess of revenues.

That was for last year, according to the Minister of Finance, and here I have in my hand and upon the records of this house the statement of the Postmaster General that there was a surplus of $1,164,000 in round figures. I am not going to inquire who is right or who is wrong; I am going to leave the fight between the Minister of Finance and the Postmaster General.

Oh, it may be said by the Post Office Department, we received that money but the Department of National Revenue is now claiming it from us; the amount that we received as war tax revenue is being taken from us, and of course we shall not have the surplus that the Postmaster General stated in this report which he handed to me this afternoon.

If that is being done, Mr. Chairman, I feel somewhat proud of the position I took in 1933 when I claimed that that revenue, instead of going to the credit of the Post Office Department, should be placed to the credit of the Department of National Revenue in order that we might know exactly the burden of taxation that this government was placing upon the people of this country. If that practice is carried out then no longer will the public be deceived. I do hope that my remarks to-day will be brought to the attention of the Minister of Finance and that he will further consider the matter, if he has not already reached the decision to place that revenue where I claimed two years ago it should be placed, to the credit of the National Revenue Department.

I have pointed out, Mr. Chairman, that the service has been crippled. I have pointed out that last year the Post Office Department claimed a surplus of $600,000 and that this year they come in with a surplus of practically $1,125,000, and yet they continue the cutting down of the public service in the face of surpluses in two years which they claim amounted to around $1,800,000 or $1,900,000, or practically $2,000,000. In the face of a claimed surplus for the last two years they still continue to cripple the public service.

Mr. HEAPS: Will the hon. gentleman tell me where he obtains his figures?

Mr. VENIOT: I obtained my figures from the reports of the Postmaster General, going back from 1933. The revenue of the Post Office Department has decreased by millions of dollars. The greatest revenue which the department ever had was in 1930 when the net revenue after making all deductions amounted to a little over $32,000,000. I know the argument will be used that in spite of that revenue there was a deficit at that time. There was a deficit but how was that brought about? There was no cutting down of the services even in the face of a deficit and there was no crippling of the service. In

1928-29 the Post Office Department increased the salaries of rural postmasters to the extent of practically $1,000,000 The statutory increases were in effect at that time and these amounted to $200,000 or $300,000. We were establishing an air mail service which was costing the country $1,255,000.

Mr. McINTOSH: Which has been since scrapped.

Mr. VENIOT: As my hon. friend says, this has been scrapped since to a large extent. If that air mail service had been kept up on the basis on which it was established and on which it was operated in 1928, 1929 and 1930, Canada to-day would stand in the foremost ranks as far as air mail service is concerned. Although the service had been established for only two years, in 1930 Canada held a record for the whole world for the fast distribution of mail by air. The speed of 258 miles per hour obtained in some districts is a record that has never been equalled so far as the distribution of air mail for short distances is concerned. But, to use a vulgar expression, to-day this service is going to the dogs.

We need a commercial air service for the development of this country but such a service cannot be established and carried on to success unless there is an air mail service as a nucleus. In 1927 and 1928 when the government of that day established the air mail service, there was hardly any commercial enterprise along those lines in this country. It was well known that unless a commercial air service had the backing up of air mail contracts it could not be continued. Both sides of the house accepted the principle that it was necessary to have air mail development and upon that air mail development has been developed the commercial air service of this country, a service which helped to develop our mineral resources in 1932 and 1933. The service which was established in 1930 has helped to open up different sections of the Dominion of Canada. This service has been flung right into Aklavik, three hundred miles inside the Arctic circle. In 1930 mail was delivered twice a month during the winter time, where before there had been only one delivery during the winter season. The commercial air service has meant a great deal to the Arctic and this service has been brought about because of the expenditures on the air mail service. It was this expenditure and the increase in salaries to our rural postmasters which brought about the deficit in the Post Office Department in 1929 when it was under your humble servant. However, by 1930 things began to improve. The service was more efficient and the revenues increased to such an extent that the deficit was practically $300,000 less than the deficit of 1929.

We now find that we have to have an air mail service from the Atlantic to the Pacific. Practically the whole service will have to be reorganized. We will have to try to induce our businessmen to help in this development and we will have to encourage the young men on the prairies, in the foothills of the Rockies and on the Pacific coast to come into the service. This is what was done in 1929 and 1930 and it will have to be done again if this service is to be an extensive one and one which will redound to the credit of Canada.

Notwithstanding the decrease in the salaries of postmasters, notwithstanding an increase of thirty-three and one-third per cent in letter postage, notwithstanding the increase in the postage rate on newspapers, last year the revenues of the department fell behind practically $2,500,000. When the increase in newspaper postage rates was suggested in 1932 I pointed out to the government that while it was true the newspapers were not paying sufficient postage to meet the expenditures of the department, if the rate was increased, the revenue from this class of mail would decrease considerably. That statement has been proved to be correct. The revenue this year from the carriage of newspapers is $500,000 less than it was in 1932 before the increase came into effect. Why is that? This increase was put into effect in such a way that the newspapers figured that if it was paid they would have to throw the burden on the people and make the people pay an indirect tax through an increased price for their newspapers. Prior to that there was a special rate by express companies for the delivery of papers within certain distances—a limit of 300 miles—and they took advantage of that better rate by express to have their newspaper bundles delivered to news stands in the large cities, with the result that the Post Office Department lost that revenue. Further than that, within zones of twenty, thirty, or forty miles—someone says seventy-five miles—they delivered their bundles to various news stands in the small districts surrounding Montreal, Toronto, Kingston, Winnipeg and other places. These they delivered by motor truck.

When the letter rate was increased from one cent to three cents I pointed out that the government would lose revenue because there would be a diminution in business. People who could afford to mail six or seven letters

a week at two cents would not write as often when they had to pay the higher rate, nor would there be as frequent communication in business as in the past. My statement in that regard has proved true, for since the establishment of the three cent rate the revenue has fallen to an enormous extent. In 1926 the government reduced the postage rate from three cents to two cents an ounce, and apparently at one fell swoop they prevented the department from earning between five and six million dollars. We felt then however that reduction in postage on first class matter would result in a greater volume of business, and we were right. In eighteen months or two years the department had caught up to that lost revenue, and from 1928 to 1930 the postal revenue from the sale of stamps for first class matter increased by leaps and bounds. To-day the government has reverted to the three cent rate, and the revenue from postage stamps is accordingly diminishing steadily.

I may be told that in these times of depression people are not writing as much as they did in the past. I want to be fair in my argument and therefore I admit that this is one reason for the decrease; but it is not the main cause. The business man has recognized, especially within the last eighteen months, that he must advertise and advertise and advertise again. We had in the Post Office Department a system whereby the business houses of the country could advertise at a very cheap rate; more than that, it paid them to correspond by mail under the method we had of efficient delivery. But to-day, with the service of that department crippled as I have pointed out, the business men of Canada no longer rely on the mail service for communication. They are following other methods, and that is one of the reasons why the revenue has fallen.

I believe my time is nearly up, but there are other items coming up under which I wish to make some remarks, and for the present I resume my seat.

Mr. SAUVE: As regards money orders and postal notes, I can only repeat what I have already said; and the ex-Postmaster General will admit that, as I said yesterday, it is very difficult to segregate the value of the stamps used on cheques because it would be costly to do so. I think he will admit that. As regards the tax on postal notes and money orders, I can give the exact figures. The tax on money orders amounted to—

Mr. VENIOT: What year?

Mr. SAUVE: Last year. It amounted to $361,818.09, and the tax on postal notes amounted to $143,712.67, making a total of $505,530.76.

Mr. VENIOT: Does that include the full year of operation?

Mr. SAUVE: Yes. In regard to deficits, I was very much surprised to hear what the hon. member had to say. As he must remember, he was himself at one time Postmaster General.

Mr. VENIOT: I do not forget it.

Mr. SAUVE: With reference to his statement regarding post office revenues and expenditures, the figures could not very well show a surplus in view of the information given the house by the Minister of Finance in his budget speech. My hon. friend remarked that in the budget speech this year the Minister of Finance added the estimated cost of civil government, Ottawa, to the expenditure for the outside service, and he was inclined to blame the method followed by the new Postmaster General, forgetting that it is absolutely the same method as was followed by himself.

Mr. VENIOT: I did not speak of civil government.

Mr. SAUVE: If this method is to be applied to the year just closed, it should apply equally to the fiscal year 1929-30, when my hon. friend was in charge of the Post Office Department, with the result that the deficit, instead of being $2,067,336.59 as shown in the Postmaster General's report, would be $3,562,092.75. It should also apply to the fiscal year 1930-31, thereby increasing the deficit in that year from $5,876,496.66 to $7,446,166.23. In the case of civil government there can be no revenue to offset the expenditure. Therefore all my predecessors in office have adopted the fairer method of comparing the cost of actual service, such as post offices, mail services, letter carriers, et cetera, with the revenue collected by that service. That method has been followed since 1868.

As regards the aviation situation, the hon. member for Gloucester will admit that Canada occupies a strategic position among the great land masses of the world. In the meantime Canada's position is being properly safeguarded. As regards the east the government sent two representatives to a conference at St. John's, Newfoundland, to discuss with the Newfoundland government, representatives of the British Air Ministry and of the Pan-American Airways, the question of a trans-Atlantic air service. The result of this con-

ference was the full protection of Canadian interests. A contract was entered into between the Newfoundland government and the Imperial Airways of Great Britain, granting to the latter company exclusive rights for a period of years into and out of Newfoundland with particular reference to trans-Atlantic operations.

As regards the west, American interests are anxious to develop regular air communication through Alaska between the North American continent and Asia. At the present stage of aeronautical development this would necessitate flying over Canadian territory with one or more landings en route. Canada's attitude has been to retain aerial operations in Canadian territory for Canadian operators. Consequently, when such an intercontinental service is inaugurated there will be active participation to no small extent by Canadian interests. In the meantime data is being accumulated which will be of use when finances permit.

Mr. VENIOT: There are one or two more items which I wish to touch on before these estimates go through and then I hope they will go through with a rush. Let me reply to the minister with respect to some of his remarks. He said that he was very much surprised to hear me give the statement made by the Minister of Finance to the house in regard to post office revenue. Then he added that in my time as Postmaster General the same system of accounting was adopted as is in vogue to-day and that that system had been inaugurated as far back as 1868. As to those dates the minister is quite correct; a system was inaugurated in 1866 and improved upon until to-day I think we have one of the best accounting systems of any industrial concern in the dominion. But it is also true, as the Postmaster General said, that the same system is being applied now as was in operation when I held the portfolio. I find no fault with that. I did not attempt to show that there was a different system adopted by the present Postmaster General from that which was adopted during my regime. If he thinks that, he has misunderstood me. I simply quoted the Minister of Finance; I do not know where he got his figures and I do not care where he got them; I quoted his statement and he made it plain in the house that last year in the Post Office Department there was a deficit between expenditures and revenues of more than $300,000. I leave the matter there. If the Postmaster General's report at the end of the fiscal year 1934-35 resembles the report he handed to me to-day, he will have to take the Minister of Finance to task. I believe he is quite able to do so; he requires no help on my part to fight his own battles with the Minister of Finance and I leave the battle between the two of them.

It was not my intention from the very introduction of the Post Office estimates to go into any carping criticism of the department. It was not my intention to deal with my hon. friend as I was dealt with when I was Postmaster General and when I was taken along pretty rough roads in connection with the dismissal of postmasters and other matters which had a political aspect. I could if I wished place before this committee numerous instances where the Postmaster General of to-day is guilty of the very same things as those of which I was accused when I was Postmaster General. I do not blame him for catering to his friends if he will do it in a spirit of justice and fair play. I say to the present Postmaster General that when I occupied that position I catered to my friends and I was willing to take the responsibility, and if by the fortunes of war or of politics the Liberal party comes back into power within a short time and I am once more done the honour of being called into the cabinet as Postmaster General I shall play the same game as I played before.

Mr. MACKENZIE (Vancouver): That is frank.

Mr. VENIOT: It is frank. Why should I criticize the Postmaster General to-day for the dismissal of eight or nine hundred postmasters, when if I become Postmaster General and my friends ask me to be as generous to them as the Postmaster General has been to his friends I could not do it after criticizing him. Therefore I do not criticize him; I congratulate him. He has set a pace for me if I ever get there again, and I will follow that pace.

Now, sir, having said that, and having been honest in my confession—they say open confession is good for the soul—

Mr. McINTOSH: It is a dark outlook for a lot of Conservatives.

Mr. VENIOT: —having said that much I wish to come now to a transaction of the department which I feel it my duty to condemn, and condemn very severely. I condemn this not because I want to put the blame on the minister, I am not attacking him personally, I am attacking what I consider or fear may be a policy adopted by that department with the consent and approval of the government, a policy that I would spurn and that I think will work to the detriment of the post office. It is the policy of giving out

contracts without calling for public tender. I want to be fair; there are certain supplies required by the department for which there is no need to call for tenders. I can give instances; there is the stamp cancellation machine. The machine that the department is using in large part to-day is manufactured in Canada, the concern manufacturing it is the only concern that manufactures instruments of that kind in Canada. In the past we had to depend upon American machines, and we never could buy them outright, we had to take them under what is known as a lease contract, paying so much a year for the use, and in the end the sum became enormous. An effort was made to get a Canadian machine to replace them, and, in 1929, I think, such a machine was produced, and improvements have since been made so that to-day we have a Canadian cancellation machine that I think excels in speed, if not in absolute perfection, any American machine. That is to the credit of the inventive genius of our men in Canada. For a machine like that no tender can be asked, it is a matter of negotiation for the best price from the only concern that manufactures them.

Again there is no need to ask for tenders for typewriting machines of the standard in use to-day in the public offices of this country, because all makers of such machines have a standard price; no matter what company they are bought from the price is the same. Therefore the only thing that matters is to see that you give the order to the best man politically-speaking among the companies in that business. There is a certain lock for mail bags, there is no need of calling for tenders for that special style because it is sold at a standard price. And I could give other instances. I point out these in order to do full justice to the department. But I do condemn the idea and the practice of giving contracts for the manufacture of rural mail boxes without calling for tenders. It leaves in my mind the suspicion that there has been something behind the scenes in connection with the awarding of such contracts. In 1927, when I had the honour of being Postmaster General, we required a great many rural mail boxes. At that time the government accepted the policy that the department had recommended of extending as far as possible our rural mail routes, and in order to do so, having laid down a regular program which would take four or five years to carry out, we required a sufficient number of rural mail boxes to cover the period. I did not give nor sanction the giving of that contract without calling for tenders. We asked for tenders and received 47. We asked for designs, and we received over 80 designs. These designs were all considered, as were the tenders, by a special departmental committee of experts in the work of mail delivery, presided over by myself. The minister himself did not decide who should get the contract. We proceeded by a system of elimination. The department itself had designed a rural mail box. We wished to do away with the old style boxes, at the request of the ministers of public works of many of the provinces, who pointed out to us that in view of the increasing automobile traffic on the highways the old boxes were dangerous because of the arms extending when the box was shoved out. We undertook to design a box that would be placed on top of the post with a swivel, so that in no position would it extend more than 7 or 8 inches beyond the post. We kept that design to ourselves. It was an invention of the department. At the same time word was given to those wishing to tender that we would prefer to do away with the arm style box, and asking them to submit something along the line of a swivel box or other improvement. They did so. By a process of elimination, after considering the matter for a couple of weeks, this committee brought it down to four designs, and four of the lowest tenderers, for swivel design boxes. Those designs were compared with our own and two out of the four came pretty close to the design invented by the expert in the department; and the contract was finally awarded on the swivel style basis. Some 35,000 or 40,000 boxes were ordered and we started in with the development of our large program for extended rural mail service. When I retired from the Post Office Department in August, 1930, there were 25,552 boxes on hand out of the large quantity we had ordered. But I find that as early as December, 1930, a contract was let for 10,000 rural mail boxes without calling for tenders. Further—and this is the part of the proceeding that I wish to condemn with all the force that I have—the information given on the floor of this house by the minister shows that these 10,000 boxes arranged for under that contract without calling for tenders are covered by a patent right. No box of that kind, accepted by the Post Office Department, has any right to a patent. The right lies in the government in the box we put into use in 1928, and the fact that the department has accepted the principle that the box shall be protected by a patent means that in the future that box alone shall be used in the rural service, and a monopoly is immediately created. That is the result of this system of giving out contracts without calling for tenders.

Now let me proceed. I have notes here containing a great many figures, and I am going to follow my notes rather closely as I go along. I have stated that when the present government came into power they had 25,555 rural boxes still on hand. From August, 1930, to March 1, 1933, according to a statement submitted to parliament on March 8, 1933, only 5,546 boxes had been put into use, which would leave 20,000 of the 25,000 boxes still on hand, after a period of two and a half years.

Mr. HEAPS: How long would that supply last?

Mr. VENIOT: It would not last very long if the service I started had been maintained.

Mr. HEAPS: As they had been given out previously, how long would that balance on hand last?

Mr. VENIOT: I am coming to that; I will develop it as I go along. In another statement made by the minister in March, 1933, we find him saying that on December 22, 1931—about the time the order for ten thousand boxes was given—there were on hand 18,294 boxes. This would indicate that between September, 1930, and December, 1931, some 7,000 boxes had been used, but the former statement which I have quoted shows that only 5,546 boxes were put into use in the period from August, 1930, to March, 1933. I do not know where the discrepancy comes in, but that is the information that was given in this house. I ask the minister how he can reconcile these different figures. If the latter figure is correct the minister led the house astray—unwittingly, perhaps—when, on March 8, he stated that only 5,546 boxes had been put into use up to March, 1933. Therefore we had 25,555 boxes on hand in September, 1930, and an additional 10,000 boxes ordered in December, 1931, making a total of 35,555 boxes on hand or on order during the period between September, 1930, and December, 1931. The record shows that up to March 1, 1933, only 5,546 boxes were put into use. This would leave some 30,000 boxes still on hand. Even if no extra boxes had been purchased, using only 5,546 boxes up to March 1, 1933, it will be seen that 20,000 of the first lot of boxes would have been on hand as of that date.

In the light of these facts what becomes of the statement made by the minister, in an attempt to explain this order for 10,000 boxes, that the stock on hand was so low that an additional purchase had to be made? I do not wish to impute motives to the minister, but in the light of these facts I think I have the right to ask whether the purchase was made to meet the demands of some hungry supporter, for it must be remembered that no tenders were called for and that the person who was given the contract was not a regular manufacturer but a retired commercial traveller who, I am informed, farmed out the work, on which he made a handsome profit.

The minister made several statements to the house in 1933, and some statements were made also by the acting minister in 1934. Let me refer to a third statement made in 1933. The hon. member for Témiscouata (Mr. Pouliot) asked how many boxes were on hand as of January 1, 1931, 1932 and 1933 and also as of July 1, 1931 and 1932 and March 1, 1933. In reply the minister said that in January, 1931, there were 25,000 boxes on hand; in July, 1931, there were 20,088; in January, 1932, there were 18,294 boxes and in July, 1932, there were 25,760 boxes. Evidently some of the new boxes had been received. In January, 1933, there were 25,638 boxes, and in March, 1933, there were 25,412 boxes on hand. Now let me analyse this statement. I find that from January 1 to July 1, 1931, there were 2,912 boxes used. From July 1, 1931, to January 1, 1932, there were 1,794 boxes used. From January, 1932, to July 1, 1932, you will note that the number of boxes on hand increased to 25,760; it must have been about this time that the order for 10,000 boxes was being filled. Then from July, 1932, to January, 1933, only 122 boxes were used.

I am making this analysis to show that there was no need to buy the additional 10,000 boxes, especially when they were bought without tenders being called for. From January, 1933, to March, 1933, 226 boxes were used. In other words, according to this statement, from January 1, 1931, to March 1, 1933, a period of more than two years, 5,094 boxes were used. I am giving these three statements, which vary in each case. The committee will note that even in this statement the minister admits that there were 25,412 boxes on hand in March, 1933. According to one statement a calculation would show that there were 30,000 boxes on hand in March, 1933. I am not going to use that calculation; I will confine myself to the positive statement submitted by the minister in which it appears that 25,412 boxes were on hand at the end of March, 1933. Accepting that figure as correct, for the sake of argument—and I have reason to doubt it, when I consider the previous statements referred to—I find that after placing 5,546 boxes in use from September, 1930, to March, 1933, more than 10,000 of the

boxes on hand in September, 1930, would still remain. Again I ask what was the necessity for the purchase of 10,000 boxes?

Then I go on to develop the second feature of this contract which gives a patent right on these boxes to the person in whose name the contract was given. I shall not mention his name.

Mr. SAUVE: He is dead.

Mr. VENIOT: I understood that that poor gentleman was dead. I can hardly blame him for dying under such conditions, I want to be fair. I do not wish to refer to the gentleman who got this contract or to give his name because, as the minister says, in the past few months he passed on to a better world. But I wish to condemn, and I do condemn with all the force at my command, the practice of awarding contracts for rural mail boxes without first calling for tenders. I ask the minister now to do away with the practice that has been established under his regime. If anybody has a regular, legal contract with the Post Office Department, for the manufacture of a box along the line that we designed in 1927—and I understand there is very little difference between that design and the patent design, although I have not seen it—the holder of the patent right can step in to-day and enter action for damages for infringement of patent against such contractor. That is what I fear. I fear that the carrying out of a practice of that kind will establish a monopoly, and once a monopoly is established the Lord knows where it will end. It is time to put a stop to it, and I ask the minister now if it is not possible to do away with that patent right.

Mr. SAUVE: No boxes have been purchased since December, 1931.

Mr. VENIOT: I know but—

Mr. SAUVE: The question was discussed at the last session.

Mr. VENIOT: But I was not here. I almost took the same journey as the gentleman that made the boxes, to the next world, and I was not in a condition to discuss the question at that time, but I am in a position to do so now, and that is the reason I am bringing it to the attention of the minister. I hope the minister will take what I have said in the spirit in which I have offered it. It is not a personal attack at all but a criticism of a practice that I fear is growing up in the department and which should not be tolerated. I think the minister has sufficient backbone and determination, when he sees that it might grow into an abuse to put his foot down and to say that in future things will be done in a more regular way.

Mr. SAUVE: Certainly, if someone suggests something irregular to me.

Item agreed to.

Mr. McINTOSH: May I ask how many rural mail routes have been established in Saskatchewan in the last four years?

Mr. SAUVE: I will give that information to-morrow.

Mr. McINTOSH: Not to-morrow. I presume the minister means Monday.

Mr. SAUVE: Perhaps to-night.

Mr. McINTOSH: That is better, and will the minister at the same time give the number of mail routes established in the other provinces in Canada?

Mr. SAUVE: With great pleasure.

Mr. HEAPS: The former Postmaster General has said that the surplus last year was approximately $1,125,000. I have been looking up the report of the Post Office Department and I find that the surplus is given as $657,000. I am wondering which is correct.

Mr. VENIOT: The figure of $657,000 is the surplus for the year ending March 31, 1933, but the minister submitted to me this afternoon a statement in answer to a question I asked him last night as to what was the revenue and expenditure for the year ending March 31, 1934, in which he showed that the total expenditure was $29,202,730.12, and the revenue $30,367,465.09, showing a surplus of $1,164,734.97 according to those figures.

Mr. HEAPS: Are the figures the former Postmaster General quoted for the fiscal year ending March 31, 1934?

Mr. VENIOT: Yes, those figures.

Mr. HEAPS: There are one or two more questions which I should like to ask. Would the Postmaster General state the amount of revenue received from the sale of excise stamps? I ask that question because there has been a change made so that now an ordinary postage stamp can be used on cheques where formerly an excise stamp was necessary. If we had the actual facts it might show the revenue of the post office in a somewhat different light. Can the minister

give to the committee the last available figures for the year prior to the change that was made allowing the ordinary postage stamp to be used on cheques? What was the amount of excise stamps sold in the last year prior to that change being made, and the amount of excise stamps sold since?

Mr. SAUVE: The tax on money orders for the year 1933-34 amounted to $361,818.09, and the tax on postal notes $143,712.67.

Mr. HEAPS: That is hardly giving the information I requested. Perhaps I may be given the information after the recess.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 73, for the relief of Aziz Koudsy, otherwise known as Eddie Coudsy.—Mr. Gray.

Bill No. 74, for the relief of Marjorie Seymour Hammond Zavitz.—Mr. Bell (St. Antoine).

Bill No. 75, for the relief of Lucille Margaret Turbin Kelly.—Mr. Vallance.

Bill No. 76, for the relief of Esther Liverman Kazenel.—Mr. Lawson.

Bill No. 77, for the relief of Aileen Marie Thompson Robb.—Mr. Bell (St. Antoine).

Bill No. 78, for the relief of Doris Jones Earp.—Mr. Bell (St. Antoine).

Bill No. 79, for the relief of Jean Gordon Worden Ellis.—Mr. Jacobs.

Bill No. 80, for the relief of Mary Alice Beatrice Featherston Moxon.—Mr. Jacobs.

Bill No. 81, for the relief of Ethel Irene Probert.—Mr. Bell (St. Antoine).

SUPPLY

DEPARTMENT OF AGRICULTURE

The house again in committee of supply, Mr. Gobeil in the chair.

Entomology, including investigations, and inspections relating to destructive insects and pests, $350,000.

Mr. MOTHERWELL: Friday nights seem to be popular for grasshopper estimates, as I believe this is the third Friday night they have been discussed. We should try to make this the last night. I recall that when discussing this vote last Friday the minister seemed to get huffed about something when asked a certain question. Well, we are not going to take scoldings from him to-night for replies, nor are we going to follow his example if we can avoid doing so. I want to ask him a question and I hope he will not try to imitate a fishwife in replying to me. I am referring to the grasshopper vote, or rather the grasshopper loan, and I want to state the situation as simply as possible to-night so that we or the minister shall not go off at a tangent. This particular loan is to be found at the top of page 360 of the votes and proceedings of May 23:

Order in council, P.C. 1051, dated 23rd May, 1934: authorizing loan of $1,500,000 to the province of Saskatchewan for the purpose of meeting commitments incurred or to be incurred in extending relief to farmers in the province by way of grasshopper control and by loans to the said farmers covering the seeding operations for the 1934 crop season, including the purchase of seed grain.

I emphasize particularly those words "grasshopper control." Now that is the only earmarked loan for grasshopper control I have been able to find. I do not think that I should be expected to have to hunt up all the orders in council to find all these loans made during the past four years to the prairie provinces. After a great deal of search this is the only one that I have been able to find which was made for the purpose of controlling grasshoppers and seed grain grants, in pursuance of the energetic campaign which I believe is still in progress there. In fact, I know that that campaign started last fall is still being waged. What I want to point out, however, is that the time to take weather precautions is not when the storm is on you; that is not the time to get your sails in shape, though I admit that it is better then than never. The time to have got ready was last year in the pre-hopper flight period. Vast flights of these pests darkened the sun at times, and with nothing to eat where they were, except just enough to enable them to grow into the stage where they could fly, they immediately sought pastures new in other parts of the province and affected large areas not previously affected. I congratulate the minister upon the fact that this year something is being done in a federal way. Both officers in front of him and especially the dominion entomologist, know that all that the dominion has ever done in the past until this year—there may have been something last year and I will therefore qualify the statement to that extent till the minister

replies—has been to give expert advice and to oversee the campaign. There are a good many first class men in Saskatchewan and in the west generally doing that work but since there has been an entomological branch that has been the extent of their activities until this year. As I say, if the minister can assure us that there was some last year as well, that will go to qualify the general statement I make.

Now, does the minister know of any vote in any year, either during this administration or in any previous ones, or anything that has been earmarked like this loan for the purpose of grasshopper control? I do not think that I am flouting or taunting the government in asking that question; I do not think it is an offensive question. The question is a straight one and I should like to have it answered. I wish to know whether there are any other loans of this kind. If there are then they should be capable of being indicated without the discussion being diverted to something else about which I am not inquiring. I think I will give the minister an opportunity now to reply to that question because he may have an alibi; he may have another hopper control loan like this. These loans have been running for three or four years, and though I have not examined them all I examined them pretty well last year. If he will give us some information on this question that will throw some light upon it I shall be the first to congratulate him if it turns out that he did as the Americans did not only this year but last year, when they came to the relief of states affected and actually voted money for grasshopper control.

Hon. ROBERT WEIR (Minister of Agriculture): There is no difference in principle between what we have done this year and what has been done during the past two or three years. Last year at any rate money was advanced to Saskatchewan to enable them to carry on in the same way as to the other provinces that presented the facts to us to show that they themselves could not finance their responsibilities as provincial governments. Last year money was sent, the same as this year, to assist in seeding operations, farm relief and other matters of that sort. The hon. member has himself been so long a member of governments that I am sure he will agree with me in this, that when a request is made for sums of money or for assistance the order in council is usually drafted using the phraseology of the request.

Last year we were asked by different provincial governments for assistance and money was loaned to the provincial governments; and because it was loaned to them it was their money to use. They used the money we loaned them last year in purchasing poisoned bait for grasshoppers and in the carrying out of their campaign to combat the grasshopper menace. This year they were also assured, as they had previously been, that if they could not adequately finance the carrying out of what were their essential responsibilities they would similarly be given consideration and assistance.

As regards this money just being advanced, it has in no way affected the preparation for the campaign. Bran and bran substitutes have been bought as well as sawdust, poison and everything necessary in the way of equipment. Large commitments have been made, and this money so advanced has been used to meet these commitments. There has however arisen a difficulty as compared with last year, and it has been particularly aggravated during the past week or two, namely, the shortage of seed where the grasshopper menace is worst. This makes it impossible for the farmers to carry out a part of their campaign—the cultivation of land at the right time and in the right way in order to have as destructive an effect as possible on the grasshoppers.

The campaign this year has been organized much more thoroughly because of the greater menace over the three prairie provinces than a year ago. Reports were received from officials in charge of the campaign and also from those cooperating with them to the effect that the danger is all that had been forecast, even greater in some instances than could be imagined; and that has been made still worse by the fact that the conditions this year have been ideal for the grasshoppers to multiply to the greatest extent and, if not fought, to do the greatest possible damage. More than one thousand committees have been set up in Saskatchewan alone and the machinery with which they are working is and has been for some time going twenty-four hours a day, turning out this grasshopper bait. According to our latest report there is no lack of supplies or assistance, although it seems that more is needed than was estimated, because, as I have said, conditions have been so ideal for the grasshoppers to multiply. This year the young grasshoppers appeared from one to three weeks earlier than they did a year ago, and that has shown the necessity of the very careful planning that was done so that the whole machinery was ready to set in motion at any time. There are places where the stubble land was ploughed in the spring and not packed, where the grasshoppers are doing a lot of damage and destroying the crop to such an extent that the farmers feel there is

little use in trying to save it and they are using those fields to distribute poison bait to keep the grasshoppers from the summer fallowed fields which so far have escaped any damage.

Mr. MOTHERWELL: I hope I am not too hard to satisfy in this matter. The minister has given us a very nice dissertation on the grasshopper situation in the west. He ought to know the conditions pretty well by this time because he has outlined them at least twice and he has done it well. I suppose practice will make him still better and the next time he outlines the situation he will do it the best of all. He has not, however, answered my question as to whether he can point to another earmarked vote like this in the history of Canada. His answer to this, if it were an answer, was that other loans were made and no doubt some of them might be and were used for grasshopper bait and so on. In that case the provinces did not observe the earmarkings; there was none. Does the minister mean to say that the Saskatchewan and other western governments get these loans and do what they like with them?

Let me indicate some other earmarked votes. I would ask the minister whether he thinks the provinces could divert this to fighting grasshoppers or any purpose than that indicated:

Order in council P.C. 1046, dated 21st May, 1934: authorizing loans to be made from time to time to the province of Saskatchewan and the province of Alberta, not to exceed the sum of $750.000 to each province, for the purpose of assisting the said provinces to construct and maintain highways other than the trans-Canada highway.

That is an earmarked vote for a specific purpose just as this other hopper one is Does the minister really say that the provincial governments could divert that to hoppers or anything else? If they did that, they are very disobedient representatives.

I have another order in council:

Order in council P.C. 1022, dated 17th May, 1934: authorizing payment to the province of Saskatchewan of the sum of $10,324.54 for relief settlement.

When relief is required, surely they would not devote that relief, which I presume is for humans or perhaps animals, to feed grasshoppers even with poison. That explanation puts the provincial governments in the position of being very disobedient wards of this state. I recognize the fact that the federal government has been acting very generously to the provinces and the least they could do would be to observe the terms of the loan. Therefore the minister's excuse involves disobedience on the part of the provinces and surely he does not want to put his friends, right at election time too, in that position. The minister will have to get up a better alibi than that, one that will not put his friends in wrong quite so far. The more I listen to the minister's excuses and pleas the more I am convinced of the correctness of the ground I took two weeks ago that this was the first and only vote earmarked for grasshopper control ever given by any government.

Mr. BOWMAN: Is the hon. member objecting to it?

Mr. MOTHERWELL: Surely to goodness if I am wrong, some of the members of the government should set me right when I am making these statements repeatedly and getting no answer. I can imagine what the minister said may have some accuracy in it; perhaps they did do that. In that case what is the position of the government? That they keep on giving, giving and giving indefinitely and then have no control over the money; the provinces can divert it to any purpose they like and in that case how much of it is diverted to election purposes?

Mr. BOWMAN: Will the hon. gentleman permit a question?

Mr. MOTHERWELL: I will remind my hon. friend who is a lawyer that I am not in the witness box, but I will allow a question.

Mr. BOWMAN: What proof has the hon. member that a single dollar of the money to which he is referring has been spent for election purposes?

Mr. MOTHERWELL: I have not any proof at all; I was merely trying to show that if the government winked at disobedience on the part of the Anderson or any other western government and allowed them to divert a vote earmarked for one purpose to something else, there was no reason why they could not do the same thing for election purposes; they might start up a campaign against grasshoppers and have the country flooded with alleged grasshopper hunters. I am not drawing on my imagination; it is for the ministerial benches, including my hon. friend, to get some other excuses on behalf of the western governments. To state that there was any other vote than this one devoted to the destruction of grasshoppers is only proving disobedience that was not so marked on the part of the Saskatchewan government.

I am going to ask the question again, and I will include my good friend the hon. member

for Dauphin (Mr. Bowman) who is a very capable lawyer and an affable gentleman, although he is not called upon to answer; it is to the minister I am addressing my remarks because he has his officers in front of him, one of them being the chief entomologist. I do not know how long he has held that position, but it was long before my time. He is one of the most competent officers in the employ of the government. There is nothing he does not know about grasshoppers and all other pests of that nature. If the minister will just cuddle up to him a little bit, I am sure my hon. friend can get the information from him as to whether any other loan than this was given and earmarked for grasshopper control. Two weeks ago to-night the matter was brought up in the house by the opposition including myself. Either the day after, which would be Saturday, or Monday, I cannot tell which, the thought struck the government it would be a good idea to earmark this million and a half loan for grasshopper control.

By the way, when the minister speaks again I wish he would tell me who made this recommendation to council. I do not think that is asking for any secret. The recommendation would naturally come from him, and from remarks made last Friday night by the minister and, I think, the Prime Minister, it was the Minister of Finance who recommended this loan to council. Well, it may be that that is right; the Minister of Finance having to do with loans and supervising the treasury—and I think he is doing it very acceptably—naturally it would be on his recommendation. But surely the minister would have the signature also of someone who knows something about the thing. The Minister of Finance will not mind my making that remark. He would expect to be advised by his colleagues the Minister of Agriculture and the Minister of Labour who has the administration of the Relief Act. It is quite a usual practice to have joint names on a recommendation of council; it may not be with this government, I do not know, but I know I had that experience many times in cases where two ministers were interested. May I ask the Minister of Agriculture if he was a joint signer with the Minister of Finance of the recommendation to council on which this order was based? If he can answer any of the questions at the same time that I have touched on, let him do so.

Mr. WEIR (Melfort): Mr. Chairman, I think I answered fully the point under discussion. When the different provincial governments cannot finance their obligations and when they show just reason why they should receive assistance in meeting responsibilities that cannot be evaded, this government has loaned them money. A year ago loans were made to the governments for seed, for farm relief and matters of that kind, after submissions to us by the different provincial governments showing why they needed the money, and satisfying this government that their claims were just. There is no doubt that some of that money was used for this purpose, and properly used. It was not a case of our not checking up on it; we checked up and satisfied ourselves that it was necessary for them to have it before the money was loaned to them, but when it was loaned it was their money, and it was used for the purposes for which they asked it.

Mr. MOTHERWELL: But they did not ask for that, did they?

Mr. WEIR (Melfort): It was understood that that was one of the things they required money for. This year also requests were received, and assurances given earlier in the season that there would be assistance as far as necessary to enable them to carry out their responsibilities. It happens that in this case it was earmarked for grasshoppers, but as I told the committee the other evening the greater part of this money had already been spent. Commitments had been made, and our information at that time was that sufficient money had been advanced.

Mr. MOTHERWELL: Well, I have made no progress yet in getting an answer. We have heard part of it three times now. The minister answered neither one question nor the other. He did not say who sent the recommendation to council and he did not tell me if any other such loan was ever made by any government in Canada since confederation—I shall make it as wide as that—specifically for grasshopper control; the hon. gentleman cannot mention one case. The only thing he can say is that he believes the government out there did use it for other purposes. Then I ask him, where is the limit? I cannot get any reply, and I am not going to ask for it a third time. But I will ask for a second time, and a third time if necessary, who signed the recommendation to council. If the Prime Minister thinks that is a violation of the secrecy of council—well I think possibly it may be a little doubtful; I do not think I should ask that question. Recommendations to council are not usually looked upon as public property as far as I know. Orders in council are. I do not think recommendations to council are secret, you know, but I do not

think they are usually made public; I do not recall their ever being asked for. I do not want to put the responsibility all on the Minister of Finance when I say that; I shall not put any responsibility on him except that it was his duty to look after the issuance of the loan and see that it was for a proper purpose. That was his duty and he did it and I will not press the matter further. But I do not think much of the ministry for passing the buck to the Minister of Finance, and none of the rest of them acknowledging having anything to do in the way of signing it. I have often been a joint signer myself and often a triple one.

So much for this particular loan. The committee will be interested to know that there have been quite a number of loans sent out west since the last day this was discussed a week ago to-night. Most of them are relatively small—no million and a half dollar ones. And apparently this is going to be kept up, at least until the nineteenth, and may be longer. In looking over this I see the government is sending relief loans to nearly all the provinces, they are not confined to Saskatchewan. The only extraordinary feature about it is the large amount being sent to Saskatchewan. I do not want to tell any secrets, but if the Ontario members will look over the orders in council and loans to Ontario they will find that they are increasing with alarming rapidity. I did not count them; it took me all my time to count the prairie provinces loans. These moneys are spent in advance, and I do not think that that can be avoided. There will be a good old bunch of them being spent right now, and these orders will be coming in and coming in and coming in, indefinitely or at least until after the 19th of June. They come down in showers, eight or ten of them being put through council at a time, as you can see by the dates. I think they will need it all too, because things are mighty hard there. But what I want to know is, how do we know how much of this big vote goes for grasshopper control and how much for other kinds of aid? There is nothing here to show. If they can disobey in one case they can in another. Remember, it is not all for grasshoppers, it includes "grasshopper control and loans to the said farmers covering seeding operations and the purchase of seed grain." My hon. friends have been pluming themselves, but from the way that order is drafted, with nothing to indicate how much is for grasshoppers and how much for seed grain, there may not be a thousand dollars spent for grasshoppers; it all may go for seed grain, or vice versa. That indicates the looseness with which these loans are made. I am sure the committee will realize now, having regard to this particular incident, just how important it is for parliament to keep control of these public moneys, as my right hon. leader (Mr. Mackenzie King) has been pleading for the last four years that it should. This is a complete vindication of the position taken by the leader of the opposition's policy in this respect. And I might argue the other way if I liked; it is a complete vindication of the policy of the Prime Minister, because there is such an enormous number and variety of claims for help. If I wished I could make quite a case. But in all seriousness I think that a good deal more could be done to specify what these votes and loans are to be used for, making it possible for an auditor to keep track fully and exercise at least some parliamentary control.

I realize that I am not going to get much more information out of my good friend to-night. Since we were discussing this matter last Friday, it is almost incredible but eight new loans have been made to the three western provinces, since this day week. None of them is very big; they do not aggregate a million dollars each. The aggregates were: for Alberta, $844,633; for Saskatchewan, $46,-233, and for Manitoba, $700,442. That equalizes things up a little bit as compared with a week ago, but there are more showers of blessings of this nature coming down. There have been showers, and there are more on the way; it just happens when they have a full council meeting, and then away they go. Naturally at this time a good deal is called for. There are other things as well; for instance, $750,000 for road work. I wonder if the road work will be in the north and the grasshopper bait in the south, thereby covering the entire province with electoral allurements at this critical time.

I am going to ask the minister now if he has any idea as to the possible limit of these loans for Saskatchewan for any purpose at all in Saskatchewan, or I will limit it to grasshoppers; that is what we are talking about. Has he any idea of the orders in council that have been signed even since May 31? Some might have been signed this afternoon. What is the limit to the loans to Saskatchewan, or the western provinces generally, during the next nineteen days? Will that depend upon how frequently they make requests, or what will it depend upon? I will ask this further question: will the limit be the extent to which the provinces can get advance credit at the bank? Apparently that is the way it

has to be done. They get a line of credit at the bank, and when they are told that their line of credit cannot be extended they turn in their vouchers to the federal treasury and are recouped. That is a pretty nice way of doing it, but I do not see that it can be done in any other way. I am not complaining at all; that is the usual way, but it shows the tremendous possibilities when they are allowed to spend their money in advance by borrowing it from a bank and then cashing in from Ottawa. I hope the Minister of Finance has some check on these borrowings; if he has not they will borrow to the limit for the leafy and election month of June. Then when the banks begin to get a little doubtful about letting them have any more money without further security, they will turn in their vouchers here. Really, the Conservatives should win in Saskatchewan but they wont as Saskatchewan is not on a bargain counter. I do not think I have ever heard of such preelection generosity. It is about the slickest position in which I ever saw a province placed. I felt a great deal of sympathy for the Prime Minister, and felt like patting him on the back, when he made that statement at the Pacific coast, "Do you think I am going to be a wet nurse for every derelict in Canada?" Of course that was injudicious, but he said a bibful, I can tell you, because he realized that this is exactly what almost all the provinces are trying to make of him.

This has been just a little digression while the minister was making up his mind; I saw him in profitable—I hope—conversation with his officials in front of him, so I should like to ask him the possible maximum that may be asked by the governments for grasshoppers or anything else, between now and say July 1. We are talking of months; we have discussed last month, so now let us discuss the present month of June. I think that is specific enough. What is the possible maximum amount of these loans for this month?

Mr. WEIR (Melfort): If the hon. member is in touch with conditions in Saskatchewan I am sure he will realize the futility of any attempt to answer that question. For example, three weeks ago in the three prairie provinces there was every hope of a break in the series of drought years from which they have suffered. There was much more subsoil moisture than there had been for years, but during the last three weeks, and particularly during the last ten days, our reports indicate that conditions are worse than they ever have been. If three weeks ago we had asked any province what amount they would require to carry on relief work for farmers and others, though they had given the matter their best judgment they could not have foreseen what was to happen, as a result of conditions over which no human agency has any control. Within the last week I had a letter from a friend of mine who drove through the south of Saskatchewan. He was forced to make detour after detour from the main highway because soil had drifted across the highway to a depth of from two to four feet. There are thousands and millions of acres with nothing growing on them. Live stock are starving for want of feed where they seemed to have good prospects for feed two or three weeks ago. Plans are being made already to shift the live stock to the north where there is feed; they realize that if this is not done immediately or if very heavy rains do not fall, they will lose all they have been hanging on to in the way of their homes into which they have put so much work.

Therefore I think the hon. member, coming as he does from Saskatchewan, at least will be fair enough to admit that no matter how accurate an estimate might have been made with the knowledge that was at hand three weeks ago, it would have been far astray as to what will be required now in view of what has taken place. I would also remind the hon. gentleman that in Saskatchewan we have a relief commission with a record perhaps unequalled by any other relief commission in Canada. Its accounts have been closely scrutinized by those in opposition and by auditors of the federal government, and so far as I know there has been no blame or criticism as a result. No one can point a finger at any public funds that have been misspent. For two or three years, without remuneration, men have given their full time day after day in order to carry on the work of that commission.

Mr. DONNELLY: What about the hay that was burned in the fall?

Mr. WEIR (Melfort): The hon. member for Willow Bunch says something about hay. I do not know what he means.

Mr. DONNELLY: Hay was bought to be used in the south. It was burned up while cattle were starving in the south.

Mr. WEIR (Melfort): I do know that in the legislature of Saskatchewan there are those who are just as anxious as the hon. member may be to obtain any possible information as to the misappropriation of funds, and my information is that although they have gone into the matter with every care, the relief

commission still stands absolutely clear with reference to the money it has spent. I may be wrong in that, but certainly every effort has been made to find anything that might be wrong. I wish I could give the committee the picture of the situation as I see it and as I have seen it for some time. Time has been limited; difficulties have seemed insurmountable. Attempts have been made to supply feed, and all the time they have been hoping that there would be rain, that feed could be grown, that the winter might be open and so on. I do not think we have had anything in Canada to compare with this situation.

Mr. MOTHERWELL: I think that was rather clever of the minister, but the fault was mine for leaving the opening for such a wandering answer. I should have nailed him down to something more specific. He evaded my question well, and I take my hat off to him for that. I will be more specific now. There is an agreement between this federal government and the Saskatchewan government—I will restrict it to Saskatchewan for simplicity. What is the maximum loan which can be given to Saskatchewan under that agreement for 1934?

Mr. DONNELLY: Mr. Chairman—

Mr. MOTHERWELL: If my hon. friend from Willow Bunch will permit me a moment, I should like to have my question answered first by the elusive minister.

Mr. BOWMAN: Mr. Chairman—

Mr. MOTHERWELL: No, Mr. Chairman, my hon. friend from Willow Bunch (Mr. Donnelly) kindly took his seat to allow the minister to answer my question and he should have the floor if the minister is not going to answer. I have the minister with his back to the wall and I want an answer.

Mr. BOWMAN: I was raising a point of order, Mr. Chairman. It is this: No agreement between the province of Saskatchewan and the federal authorities has anything to do with the item before the committee, and I submit therefore that the hon. member for Melville is out of order.

Mr. MOTHERWELL: That will suit me. I don't give a dash whether the discussion is choked off or not.

Mr. DONNELLY: I just wished to refer to one thing about which I interjected a remark when the minister was speaking. It is a well known fact—it was brought out in the Saskatchewan legislature last winter—

[Mr. R. Weir.]

that some hundreds of tons of hay were bought and were never shipped. They were burned in the fall.

There is another pest that we have in Saskatchewan and which I brought to the minister's attention last year. Information was sent out from his department about this pest, and I say that the information that was sent out was entirely wrong and caused our farmers the loss of hundreds of dollars last year. I saw many farms myself where the farmers lost hundreds of dollars through following the information sent out by the federal Department of Agriculture in reference to the cut worm.

The instructions given by the Department of Agriculture were that the farmers should not summer fallow until after the fifteenth of August, that if they did not touch their land until after the fifteenth of August a crust would form which would make it impossible for the moth to lay its eggs on the summer fallow, and that therefore there would be no cut worms the following year. I want to tell the minister that the farmers who followed those instructions, and I saw many who did, lost their seed, practically one hundred per cent of them, while those who did not follow those instructions but cultivated their summer fallow as in the past had no cut worms at all. Parts of a farm which had weeds were cultivated and those parts that were cultivated had no cut worms, while the parts that were not cultivated, following the instructions, had cut worms all over and the seed never came up.

The contention of the entomologists is that wherever the land is not touched until after the fifteenth of August a crust will form and the moth will not be able to lay its eggs. But the result actually is this: if a crust does form, when it dries up, cracks appear in it and the moth lays its eggs in these cracks, and the cut worm is just as plentiful there as anywhere else. I know of farmers having quarter sections side by side. Those who followed the instructions of the department lost their seed, while those who did not follow the instructions but cultivated their land all the year had no cut worms at all. I draw this to the attention of the minister once more so that he may have his entomologists look into the matter, because the present instructions are costing many farmers all their seed, and they have to sow their seed all over again. That is true not only of one or two but of many, and they are generally our best farmers because it is our best farmers who take these pamphlets and try to follow the advice of the experts.

Mr. WEIR (Melfort): I remember the hon. member for Willow Bunch (Mr. Donnelly) referring to this matter on a previous occasion. We have also received communications from many farmers in the west, particularly in the vicinity of Indian Head, and their statements were to the same effect as mentioned by the hon. member for Willow Bunch.

The date is not August 15, but from August 1 to September 15, because it is during that time that these moths lay their eggs. The reasons for giving these instructions are these: The summer fallow should be well worked and kept black, and no weeds allowed to grow in it, because if the weeds do grow in it, then with the wind blowing, the soil will be loosened somewhat and will make an ideal place for the moths to lay their eggs, and that is the case where the summer fallow is not well worked. But if the land is not ploughed from August 1 to September 15, a crust will form and as a result the moths will not have the same chance to lay their eggs there because of the lack of loose soil, and they will lay them elsewhere in suitable places where they find loose soil.

We received complaints two years ago and we made a close investigation to ascertain if there was any weakness in the advice given by the officials of the department or if we had received a complete statement from those who made the complaints, and we proved we think beyond a doubt that it was not the fault of the instructions which had been sent out, but that with the soil drifting as it did, and carrying not only the soil but the eggs that were deposited in it over the summer fallow that had been worked during that period, the eggs were in that way deposited.

The habits of these moths are well known; it is not a matter of opinion at all. They do look for loose soil in which to lay their eggs, and soil that is free from vegetation as far as possible. Experiments have been carried out not only in this country but others that show that where the summer fallow was left as we instructed it to be left the results were according to the information that was given out. But if you have two or three horses running over it they break the soil, making conditions ideal for the depositing of the eggs and for the development of the cutworms the next season. You can trace where the cutworms are by the damage that has been done to the soil. Every attention is paid to the information which is sent in by expert farmers and their statements are investigated and followed up, because there is no one more anxious than the entomologists themselves to get absolutely accurate information and to give correct instructions.

Mr. DONNELLY: I may have been wrong as to the date at which it was advised that the farmers should stop cultivating the land, because I was speaking from memory. Perhaps I should have said August 1. Last summer I had the experience myself of going over three quarter sections in the same district where the land had been under summer fallow in each quarter section. One man had certain low spots, draws where weeds got in, and he went into these draws and cultivated the land there in order to keep the weeds down. There were no weeds in the rest of his land, which he did not cultivate. Wherever he had cultivated in these draws he had no cutworms at all the next year, but in the rest of his land where he had followed the instructions not to cultivate, he had to re-seed it all. The seed was all eaten up with cutworms. All through that district I saw quarter sections that were cultivated and others that were not, and almost invariably those that were cultivated had no cutworms whatever while those that were cultivated according to instructions invariably had all their seed eaten up and the farmers had to re-seed. I could give the minister the names of some of these people who had their seed eaten up in this way by cutworms.

Mr. WEIR (Melfort): We would appreciate very much having any information from the hon. member for Willow Bunch as to the names of the farmers so that we can follow up the information he has given us by investigation and be in a position to give the farmers any assistance we can.

Mr. MOTHERWELL: The hon. member for Dauphin raised a point of order and I want you to rule in his favour, Mr. Chairman, if I may express that wish.

Mr. BOWMAN: Thank you.

Mr. McINTOSH: The Minister of Agriculture (Mr. Weir) referred to the Saskatchewan relief commission and intimated that there had been no criticism in the province of Saskatchewan of that body.

Mr. WEIR (Melfort): There has been no criticism as far as the honest expenditure of money was concerned.

Mr. McINTOSH: It is fairly hard to find the dividing line between that and other kindred questions which might arise. My statement was with regard to the Saskatch-

ewan relief commission as a medium of distribution of relief. I represent a riding in the northern part of the province and I have had considerable correspondence with the commission. In many cases I have had very good satisfaction but I want to say that the Saskatchewan relief commission is the subject of criticism during the provincial election which is to be held on the nineteenth. The minister knows that that is so. The provincial Liberal party is taking the stand that there was no need for the establishment of this commission as up to date it has cost a million or more dollars. They claim that the work could have been more efficiently and economically done by the municipal councils and that the money spent in establishing the commission and running it up to date —could have been better spent for relief. It would have meant hundreds of thousands of dollars additional for relief purposes. I do not want to be too critical of the relief commission but I must say that the field men of the commission in the northern part of the province are politically inclined. I do not think the minister will contradict that statement. They are Conservatives.

Mr. MOTHERWELL: They are political organizers, and well trained.

Mr. McINTOSH: Yes, there is no doubt about that. I know what is going on in my own riding as I think I am as intimately in touch with my constituency as any hon. member. I must say that any case I brought before the commission was acted on, perhaps after a great deal of correspondence and a good deal of work. I am not going to say the action taken was entirely satisfactory but I believe the commission did make an attempt. After it obtained the information desired through investigations, it tried to meet the situation as well as it could. But the fact remains that some families were in dire need of relief—and the process of what is known as passing the buck was frequently resorted to. The commission would say that such and such a family was the care of the municipality, and the municipality concerned would claim the opposite, that it was not responsible. This would go on from week to week and from month to month, and families with seven, eight and nine children were suffering for lack of shoes, clothing and the necessities of life—a deplorable thing. The reason for this may have been the desire of the commission to know its ground thoroughly before spending any public money, but these things would not have occurred had this money been spent through the municipal councils, rural and urban. Under such a procedure the situation could have been sized up quickly, and action taken without delay. This is all I want to say with regard to this particular point, and perhaps the minister will want to reply.

Mr. WEIR (Melfort): I think the best reply that could be made to the hon. member's criticism of the relief commission is to refer him to the speeches made by two hon. members of this house, in whom perhaps he has more confidence than in myself. The first speech to which I would refer him was that made last year by the hon. member for Last Mountain (Mr. Butcher). That speech was one of the finest eulogies which could be paid to the excellent work of the Saskatchewan relief commission and I am sure his remarks were appreciated by the members of that body, many of whom are serving without remuneration. The second speech to which I would refer him was that of his right hon. leader (Mr. Mackenzie King), who has stated over and over again that the ideal way in which to handle relief is by a commission. Not only that, but the government of Manitoba, which is not of the same party as the government in power in the dominion, were so much impressed with the work of the Saskatchewan relief commission that they asked that some of their municipalities be handled by that body.

The hon. member has stated that assistance was not granted to some families in dire need. The municipalities are responsible for their own people and they should advise the Minister of Municipal Affairs as to the condition of any individuals living within the municipalities. I am sure that where that has been done every possible haste has been made to grant assistance.

I can scarcely credit the statements made by the hon. member in connection with the political activities of the field men. I know that there are bound to be many rumours to this effect before an election but I think the best answer is the fact that the commission itself is not made up of members of one party. I know it was, and I believe it is still, made up of members of three parties.

Mr. McINTOSH: In answer to the statement of the minister, let me say that the electors of the province will register their political opinion on the nineteenth, and this will be one of the subjects upon which an opinion will be registered. I will leave the answering of the statement made to-night by the minister to the electors of the province.

An hon. MEMBER: You will be apologizing after the nineteenth.

Mr. McINTOSH: You will be the one that will be apologizing, and you will not only be apologizing; you will be hiding.

There is another point upon which I would like to touch. When the minister was discussing this grasshopper question on May 29 I think, he lost control of himself. I not only think that, but I feel sure he did. In any discussion in committee I think it behooves an hon. member to pay attention to three things. First, he should try to hold his head in the discussion. I do not think the minister held his head very well; I think I can prove a little later that he lost his head completely. Second, it is not well for an hon. member to let his passions rise too high when he is in discussion. He will not get very far by adopting that method of discussing public business. I think the minister made a slip there and took a few somersaults. Lastly, a member should know his subject. I think this is the reason why there is often so much acrimonious discussion. The minister did not seem to know his subject although he at times knows it very well. Answers were not forthcoming and it is very important that parliamentarians should have a thorough discussion of every item of public expenditure—the basis of control of the public purse. If hon. gentlemen opposite were on this side they would see to that, and they would be quite right in doing so. All that we are trying to do is to get as much information as we can, to get it as quickly as possible and to allow the item to pass, because we do not wish to hold up public business too long. Now, I hardly know why the minister was so hasty the other night. I thought that possibly he wanted to get on record some material for political consumption in Saskatchewan, but that is not necessary because I can tell hon. gentlemen opposite that their party will be in third place in the race two weeks from Tuesday next.

Mr. COWAN (Long Lake): That is your idea.

Mr. McINTOSH: It is the electors' idea, as you will see when the time comes. Putting two and two together—

Mr. BOWMAN: What has that to do with entomology?

Mr. McINTOSH: Wait and see. If that was not the reason, then I thought that perhaps the minister wanted to be critical with regard to the effort made on this side to get information touching public business; and if that is so, then I submit that his criticism cannot very well be justified. As regards what was said on the former occasion, namely, May 29, the hon. member for Melville was discussing the grasshopper item and, coming in late, I asked at one point of the discussion this question: "Are they trying to buy them with their own money?" That was a perfectly legitimate question, to which no answer was given. At another stage of the proceedings I stated that three weeks from that day, that is last Tuesday, the voting would tell the tale as to what is and has been taking place in the province with respect to the federal end of public business.

Those were my two statements and the minister became quite angry about the support that I was giving the hon. member for Melville. I was not giving any special support to the member for Melville; I simply wanted to get certain information which I thought ought to be given to the house. And in a minute or so I will give one reason why I asked the minister the question I did. Of course, he pooh poohed the idea immediately; I fancy he took the stand that it was a question that should not be answered. To show him what is going on in the province, by way of discussion may I refer to one or two editorials that have been appearing in the Regina Leader and, indeed, in the way of comment in many other newspapers. The item before the house is a matter of public discussion and consequently a matter of importance to the people. There is therefore nothing wrong in bringing it up in parliament.

I refer in the first place to an editorial that appeared in the Regina Leader of Friday, May 25. The following points are raised in this editorial. In the first part this newspaper is wondering why there is all this sudden financial interest on the part of the federal government in Saskatchewan. The question has become public property and thousands of people are reading these editorials every day; and the moment a matter becomes of editorial importance it becomes also of parliamentary importance, and vice versa. Next, the Leader wonders why the national government is showing so much belated interest in the welfare of Saskatchewan, with an election coming off in that province in the near future. Then it states the amount of money voted for the purpose of destroying grasshoppers and building highways in the province. Secondly, this editorial discusses the fact that these moneys will be helpful to the province. Well, as far as I am concerned, I am not arguing against the dominion government giving any money it wishes to Saskatchewan; it may give Saskatchewan ten times what it is giving and I will find no fault with that. But what

we do want to know is how that money will be spent, how it is earmarked and who will be spending it and when. The idea put forward here is that the money will be helpful but, at the same time, that it will presumably be reserved for the election campaign. Lastly, in this editorial, the view is expressed that all this is not without a suggestion; that is, that all this money pouring into the province at the time of an election suggests something, and this paper makes plain what that suggestion is. It states plainly that the suggestion is that the people of Saskatchewan can be bought. That was why I asked the question: "Are we trying to buy them with their own money?" Later, it uses the word "bribe." It admits that this is an ugly word but asks whether what is transpiring can be described otherwise. I hope these remarks will enable hon. gentlemen to see the bearing of the question I asked the other night.

In another editorial, published on Saturday, May 26, the first thought put forward is that the Canadian government seems to have the idea that production should be restricted, that acreage should be cut down; and since the restriction of production is the very thing which the grasshoppers are attending to, this editorial wonders why the government is resorting to such an expensive method, voting millions to put down grasshoppers, when they are restricting production, doing the very thing in which the government believes. The second thought in the editorial of Saturday, May 26, is this. Here we have the spectacle in London and Rome of highly paid officials planning to restrict production—

Mr. WEIR (Melfort): I hesitate to interrupt, but this is far afield from the item under discussion. I think we have been over generous in listening not only to the remarks made but especially to the quoting of editorials, which I believe is out of order. I have no hesitation in answering any question that may be asked with regard to the subject under discussion, but I would call the attention of the chair to the fact that the quotation from editorials is entirely out of order.

Mr. MOTHERWELL: Can we have a second point of order before the first one is decided? We ought to have a ruling on the point of order raised by the hon. member for Dauphin.

The CHAIRMAN (Mr. Gobeil): That has been disposed of.

Mr. BENNETT: I want to say a word on the point of order. There is a well established rule that editorials are not to be read—

[Mr. McIntosh.]

Mr. McINTOSH: The editorial is not being read at all.

Mr. BENNETT: —for the reason that you cannot introduce another member into parliament. There are 245 members of parliament, and debate assumes that members make arguments for the purpose of trying to induce their colleagues to get their point of view. You cannot introduce another member into the house, and that is what is done when you introduce a newspaper's editorial for the purpose. I suggest that possibly, if the hon. gentleman's attention is directed to the fact, he will realize the desirability of ceasing to follow that course. The reason for it is so obvious that it is difficult to understand why the rule should be transgressed.

Mr. McINTOSH: Speaking to the point of order, may I say that I was not reading the editorial; and if it comes down to ruling me out of order because I am quoting from an editorial, I can throw the paper away and talk in the same way. It would make no difference to me.

Mr. WEIR (Melfort): My point of order is that the whole subject matter is out of order.

Mr. McINTOSH: In your opinion. It was not out of order when you were the first to put forward your partisan point of view the other night.

Mr. WEIR (Melfort): In reply to statements made on the other side.

The CHAIRMAN (Mr. Gobeil): I had better give my ruling.

Mr. McINTOSH: It is not necessary if I am not going to refer to the editorial; you might as well save your time.

The CHAIRMAN (Mr. Gobeil): I think the point of order is well taken according to paragraph 306 of Beauchesne's Parliamentary Rules and Forms which reads thus:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

In my opinion the discussion is out of order.

Mr. McINTOSH: Your opinion does not, in my estimation, amount to a row of pins.

Some hon. MEMBERS: Withdraw!

Mr. McINTOSH: But I accept it.

The CHAIRMAN (Mr. Gobeil): I am quoting paragraph 306.

Mr. McINTOSH: I am accepting what you said, but that is my opinion.

Mr. BENNETT: I think the common sense of the hon. member and his respect for the rules and amenities of parliament will induce him to want to do the right thing.

Mr. McINTOSH: I am willing to do the right thing, but I am not doing what you stated; I am not reading the editorial.

The CHAIRMAN (Mr. Gobeil): The hon. member has insulted the chair.

Mr. McINTOSH: You have done the same thing yourself once in a while.

Mr. BENNETT: One afternoon I happened to be sitting at a table discussing some matters and a question arose in the House of Commons. The Prime Minister left the room, went out and made the necessary motion that a member be relieved from further attendance in the house for a given number of days. The motion was carried and the Prime Minister went back to his work. If members are to defy the chair as has been done by the hon. member and bring into contempt the institutions of the house in the way in which this has been done, there remains nothing to be done but what was done on that occasion. I would suggest that when a chairman has discharged his duty, read the rule upon which he based his ruling that reading the editorial as well as referring to it was out of order, and any hon. member who has regard for the institutions of parliament should treat the chairman with that measure of respect which his office demands, leaving the occupant out of the question for the moment as we must do in dealing with matters of this kind, because this is purely an impersonal matter. In view of the hon. member's observations that in most places would be characterized in very severe terms, I suggest that he make a proper withdrawal and so place himself in a correct position in this house.

Mr. McINTOSH: I think I respected the chair; I had no idea of not respecting it and I withdrew what I said, but I coupled with that the idea I was not actually reading from the editorial. I also stated that I did not need to quote any further from the editorial because it was simply a question of memory. I do not need to continue the debate on that.

Mr. BENNETT: I refer to the insulting remark addressed to the chair; that is all I am referring to. I have certain obligations and responsibilities which are sometimes not the pleasantest to perform. But if a member of the house insists on insulting the chair, the chair being occupied by a fellow member, he places in a very difficult position whoever happens to have responsibility for the conduct of the house. I suggest that the hon. member should withdraw the insulting observations he made to the chair after the chairman had given his ruling on the point of order.

Mr. McINTOSH: I withdraw the reference mentioned. That is twice I have made that statement. May I go on to a statement made by the Minister of Agriculture with reference to my honoured leader. In the last part of his remarks that night the minister stated that the whole outlook of my honoured leader was purely political and that the hon. member for Melville and the hon. member for North Battleford also made use of remarks that were entirely political. I am absolutely loyal to my leader and I know the hon. member for Melville is also; we are not only loyal but devoted to him and our desire is to cooperate wholly with him. I presume hon. members on the opposite side desire to do the same thing with regard to their leader, but when the question is one of loyalty and devotion to leadership I think my hon. friend ought to be the last man to introduce into the house a discussion on that point. If he knew history and read of "the nest of traitors," he would not accuse me of being loyal to my leader. That is an extraneous matter and should not have been brought into any discussion in the house. I will leave it at that.

Further, when the minister made the statement that those on this side of the house who wanted information were politically inclined, he was absolutely out of order, and was doing something he should not have done, because if we go back to his history everyone knows he ran as an independent member in Melfort and was elected absolutely as an independent member.

Mr. WEIR (Melfort): Independent Conservative.

Mr. McINTOSH: The hon. member was elected as an Independent.

Mr. WEIR (Melfort): No.

Mr. McINTOSH: I know men who voted for the hon. member in his riding and they confirm my statement. I will, however, take his word for it. The minister says that he ran as an Independent Conservative.

Mr. QUINN: What is the item under discussion?

Mr. McINTOSH: I am referring to what the minister stated a few days ago with regard to my leader. The minister was elected as an Independent Conservative. I do not know which was the larger portion, the Conservative or the Independent element.

Mr. MOTHERWELL: It would be Independent Liberal Conservative.

The CHAIRMAN (Mr. Gobeil): This seems to me to be altogether out of order.

Mr. McINTOSH: It is not out of order. I am referring to remarks made by the minister with regard to my honoured leader.

The CHAIRMAN (Mr. Gobeil): A discussion of the election of the hon. member for Melfort is out of order.

Mr. McINTOSH: They all bear on the remarks he made with regard to those who supported my honoured leader. I am just saying how the minister was elected and how he came to Ottawa and was made minister in a Conservative government. The minister should not say that those who seek information are politically minded; he is the last man in the house who should do that. I just wanted to clean up that phase of the question. It is unnecessary to say anything further about it, but I would like to repeat that what he said about my right hon. leader not wanting to spend a five cent piece with regard to unemployment was in my estimation absolutely untrue and out of order. My right hon. leader said so far as money was concerned if he thought it would be spent purely politically he would not spend a five cent piece but he was willing to give any amount of money to ease unemployment, and to do this in an honourable and upright way. The minister should not have referred to that matter either and I take this occasion to put on Hansard my viewpoint with regard to the question. It is not necessary to say anything more.

I wanted to deal with just two or three phases of the remarks made by the minister a few days ago. I do not think I have been unfair in the remarks made; I have merely clarified his statements in the interests not only of parliament but of Canada.

Mr. COWAN (Long Lake): I want to register as strong a protest as I can against the insulting remarks made by the hon. member for North Battleford in connection with the Saskatchewan relief commission. I am a member for Saskatchewan right in the heart of the stricken area and if anybody knows I ought to know how that relief is operating. It is not operated as a political machine.

Mr. McINTOSH: If the hon. member will permit me, I did not say it was operated as a political machine.

Mr. COWAN (Long Lake): If my hon. friend will keep quiet a little he will find there are more C.C.F.'s in his riding than in any other part of Saskatchewan. Now the Saskatchewan relief commission has been operating for years, and there has not been one single charge made against it. Not only that; I have been dealing all the time with municipalities within my area and not one single municipality has sent me a protest against the manner in which its operations have been carried on. I have had a number of people write in saying they were not receiving fair treatment, and I at once communicated with the secretary of the commission, Mr. Oliver Dean, and he had the matter straightened out. But when the hon. member makes the statement that the commission is a political machine, or infers that it is, I tell him he does not know what he is talking about. I wish it was; I am Tory enough to wish it was.

Mr. McINTOSH: That is all the proof we need.

Mr. COWAN (Long Lake): If my hon. friend will keep quiet a while, he will have plenty to do to get back to this house.

Mr. McINTOSH: You look after yourself.

Mr. COWAN (Long Lake): I can do that easily.

Mr. McINTOSH: You will have to do it.

Mr. COWAN (Long Lake): There is not a single municipality that has made any protest against the manner in which the relief commission is operating, and if the municipalities who have to look after the relief do not, who should? The government are doing the best they can. If they had ten or fifteen million dollars a year more to spend, perhaps the people of Saskatchewan might be better satisfied, but we have not the money and cannot get it. Some people, like my hon. friend, seem to think that the whole country is just rolling in money to hand out to them to spend as they please. Well, we are not doing that, and the Saskatchewan relief commission is not doing that. They are spending their money honestly and fairly in the interests of Liberals and Conservatives alike; there is not a Liberal suffering any more than a Conservative in the stricken area of Saskatchewan. My hon. friend should remember that the area that is suffering is not in Canada alone, it is a northern extension from the

American desert. It is the pioneers who have suffered. I want this committee to understand that we have just got a part of what the western states are getting, and we are getting it yet. I wish it were over. And then the Saskatchewan relief commission could close up their books, and when they do I venture to say that it will be found that not a dollar has been misappropriated. There may be a few mistakes, but as a commission they have done their duty and done it well. Why this sudden interest on the part of hon. members opposite in the commission and in the finances of Saskatchewan? Does the hon. gentleman not know that this government has been voting millions of dollars for relief there in the last three years? Has he been asleep?

Mr. McINTOSH: Do not judge others by yourself.

Mr. COWAN (Long Lake): He regards us as being beneath him in dignity; he will not reply to us ordinary members of parliament. I do not care whether he does or not, but the fact remains that under this government Saskatchewan has been mighty well treated. I want to register that statement.

Mr. McINTOSH: The remarks of the hon. member have proven exactly the statements I made; first, that the Saskatchewan relief commission is a costly proposition, and secondly that in my own riding the field men were inclined to be Conservative politcally. Beyond that I made no other statement. I did say that the relief commission has done a lot of good work, but I point out that it is a subject of political discussion in Saskatchewan for these two reasons, and we shall wait for the answer on the nineteenth.

Mr. WEIR (Melfort): Perhaps it is unnecessary to make any observation except in answer to some of the last remarks of the hon. member for North Battleford (Mr. McIntosh), that I objected to giving information, and his accusation that I was politically minded. I did not object to giving information—

Mr. McINTOSH: I said you appeared to.

Mr. BROWN: The minister does not want to carry his own estimates.

Mr. WEIR (Melfort): The objection I did strenuously take was to the statement that this money was at this time being sent into Saskatchewan for political purposes. The hon. member for North Battleford, speaking on the point, touched on this editorial from the Leader Post, and if I followed him aright contended that this paper also had the idea that this money was now being dumped into Saskatchewan for political purposes. This paper is published almost in the centre of the dried-out area. That conclusion is negatived by the fact that in the neighbourhood of $18,000,000 was advanced in previous years when there was no election. This winter has been one of our hardest winters; we have additional burdens to carry there this spring. I stated very clearly on a previous occasion that the greater part of the money advanced has already been spent for the purposes of relief, seed grain, feed, and the high cost of obtaining feed. In the fiscal year 1932-33 the sum advanced was over $14,000,000. Coming from Saskatchewan, as does the hon. member himself, and knowing that the drought extended north even into his own constituency to a considerable extent last year, it was only with great effort and restraint I could keep my seat while these statements were being made. Anyone in touch with Saskatchewan and comparing conditions there this year with previous years knows that there has not been more money sent in this year than in previous years for the work that is to be done in the way of relief and assistance. Perhaps I was to blame in this respect, that I did think the hon. member, coming from Saskatchewan, would be sufficiently interested in the welfare of that province to know the comparison between what was required this year and previous years, and gave him credit for an intelligence of which I am afraid he is not giving evidence—

Mr. MACKENZIE (Vancouver): Oh, get your estimates through.

Mr. McINTOSH: That is about his size.

Mr. WEIR (Melfort): —if he claims this money has been used for anything but relief. It was on that account, and that account only that I took objection to the statements he made.

Mr. McINTOSH: Mr. Chairman, I have heard the somewhat abusive remarks of the Minister of Agriculture, they are in line with his usual exibitions before this house.

Mr. COWAN (Long Lake): What about yourself?

Mr. McINTOSH: Well, you come in that class too, about as well as any person I know of.

Mr. COWAN (Long Lake): Glad of it.

Mr. McINTOSH: I was going to say that when it comes to the question of intelligence the Minister of Agriculture has made three of

the worst exhibitions before parliament in the last twelve months, of any man who ever entered parliament. The remarks he made here a week ago constitute exhibition No. 1. He lost his head, he became angry and said things that a minister of the crown should not say, and got away with it. Then in connection with the marketing bill we had exhibition No. 2, the most pitiful exhibition on the part of a minister that has ever taken place in parliament. The bill from first to last was a practical impossibility, and if he had anything to do with the drafting of it or cooperated in putting the bill into shape, it simply signified imbecility.

Then let me refer to another exhibition on the part of the minister—to-night he has seen fit to digress, may I do the same. Last year when the redistribution debate was on the minister made one of the most pitiful exhibitions that any minister could make. What did the minister say in this house last year with regard to the riding of Prince Albert? He said that the last redistribution made it impossible for "the people" in the federal constituency of Prince Albert to express their will. I have here the electoral return for the district of Prince Albert, and I have here also the electoral return for the constituency of Melfort. In the latter constituency there were 160 polls.

Some hon. MEMBERS: Order.

Mr. McINTOSH: There were 160 polls through which the people could express their opinions, and there were 17,000 votes polled—

The CHAIRMAN (Mr. Gobeil): Order.

Mr. McINTOSH: —out of 22,000 votes.

The CHAIRMAN (Mr. Gobeil): The hon. member is going back to the same question which was ruled out of order, and I ask him—

Mr. McINTOSH: No, I did not touch on this question before. You must be dreaming.

The CHAIRMAN (Mr. Gobeil): I am suggesting that the hon. member speak to the item under discussion.

Mr. McINTOSH: I did not touch this matter at all to-night. The minister is not objecting, and I will finish it in a moment or two.

The CHAIRMAN (Mr. Gobeil): This is out of order, and I so rule.

Mr. McINTOSH: In what way is it out of order?

The CHAIRMAN (Mr. Gobeil): It is absolutely out of order; it has nothing to do with the item.

[Mr. McIntosh.]

Mr. MACKENZIE (Vancouver): The same rules of order should apply to both sides.

Mr. VENIOT: If the minister is allowed to refer to the intelligence or want of intelligence of a member on this side of the house, surely the hon. member on this side has the privilege of replying in kind.

Mr. MACKENZIE (Vancouver): The minister chooses a peculiar way of putting through his estimates, indulging in personal attacks on members on this side of the house. I suggest that the member has every right to reply.

Mr. WEIR (Melfort): I did not make a personal attack on the hon. member for North Battleford (Mr. McIntosh); I complimented the hon. member on his intelligence.

Some hon. MEMBERS: You did not.

Mr. WEIR (Melfort): Most decidedly I did.

The CHAIRMAN (Mr. Gobeil): The point of order was not raised against the minister.

Mr. VENIOT: It was not raised against the hon. member for North Battleford; you raised it.

The CHAIRMAN (Mr. Gobeil): The hon. member for Long Lake (Mr. Cowan) raised it.

Mr. MACKENZIE (Vancouver): He never rose to his feet and raised a point of order.

Mr. McINTOSH: I think it is only right that when a member is attacked, especially by a minister of the crown in the House of Commons, the member should have the right to reply. I merely want to show how partisan the minister is, that this is the cause of the exhibition he has made of himself in this house on more than one occasion.

Some hon. MEMBERS: Order.

Mr. McINTOSH: I think that is very plain language. This was the argument put up by the minister, that the people of Prince Albert were disfranchised, and I was merely saying—

Some hon. MEMBERS: Order.

Mr. McINTOSH: —that in the constituency of Melfort—

Mr. COWAN (Long Lake): What has that to do with this item?

Mr. McINTOSH: —out of 22,000 votes 17,000 were polled, or 77 per cent. That was in the riding of which the minister is the representative. What do we find in Prince

Albert? We find 161 polls through which the people could express their convictions on election day, and that of 20,000 votes in the constituency 17,000 or 85 per cent were polled. So 77 per cent of "the people" voted in Melfort while 85 per cent of the people voted in the riding of Prince Albert. Therefore in the riding of Prince Albert "the people" made their will known more completely than in the constituency of Melfort.

Then I should like to show another case in which the minister was very partisan, just following up what he has been doing for the last year or two. I am one of the members in the house from western Canada who have given the minister very little opposition; I have complimented him and have been fair with him, but he is not going to get away with this stuff with regard to me or with regard to Saskatchewan members. I want him to know that. He went ahead and attacked my right hon. leader (Mr. Mackenzie King) the other night, and I am defending my leader now. The minister said the only way the right hon. gentleman was elected was by the Liberals, in a former redistribution, having the votes of the German people, the Mennonites, in the southern part of the riding so that they had no chance to name a representative of their own, so that they were practically disfranchised. The minister made the further statement that all the polls in the northern part of the riding of Prince Albert voted against my right hon. leader. I say now that this statement is not correct. I have a list here which shows poll after poll that voted strongly Liberal in that election. Henribourg voted Liberal; so did Albertville, Marcelin, Leask, Debden and Big River. These are all in the northern part of the province. Last year the minister contended that the Anglo-Saxons were the only people in the north; he suggested that the Mennonites, the French, the Belgians, the Scotch and the Welsh and others were not people, but merely political cattle.

Mr. WEIR (Melfort): Mr. Chairman, I rise to a point of order. The hon. member is not stating the position I took on the occasion to which he has referred.

Mr. McINTOSH: You give me time and I will state it.

Mr. NICHOLSON: I rise to a point of order. The hon. member is not discussing anything in relation to item 46, which is before the committee.

Mr. MACKENZIE (Vancouver): He is discussing entomology absolutely.

Mr. NICHOLSON: He is discussing the election of 1930.

Mr. McINTOSH: I know the hon. member, and I think he is fair enough to agree that when an attack is made upon my leader by a minister of the crown I have a perfect right to answer with regard to my province and my riding.

Mr. NICHOLSON: There has been no attack made on my hon. friend's leader in this committee to-night.

Mr. McINTOSH: I would ask the hon. member to read Hansard for May 29, and he will see what was said then. Further may I say this—

Mr. NICHOLSON: I ask for your ruling, Mr. Chairman, as to whether the hon. member is in order under this item.

Mr. McINTOSH: I am almost through; let me complete my statement or it will look much worse for your party than it will for mine.

Mr. MACKENZIE (Vancouver): You are discussing pests.

Mr. McINTOSH: Yes—a very appropriate subject.

The CHAIRMAN (Mr. Gobeil): I am asked to give an opinion on the point of order.

Mr. MACKENZIE (Vancouver): The hon. member is discussing pests.

Mr. NICHOLSON: Does the hon. member for Vancouver Centre suggest that when the hon. member for North Battleford is discussing his leader he is discussing pests?

The CHAIRMAN (Mr. Gobeil): My decision is that certainly this is out of order, but this discussion has been out of order about half the time this afternoon and to-night, in my opinion.

Mr. McINTOSH: That may be quite true, but the minister commenced it. It ought to be concluded, and I am simply concluding it.

Some hon. MEMBERS: Order.

Mr. McINTOSH: I am just about through. May I say—

Some hon. MEMBERS: Order.

Mr. McINTOSH: —to prove that the minister meant that only Anglo-Saxons were "the people" in the constituency of Prince Albert, and that the French and others were not people—

Mr. NICHOLSON: I rise to a point of order.

Mr. McINTOSH: His remarks in the first place were changed in Hansard, and he qualified it by adding "French speaking" in the unrevised and revised edition.

Item agreed to.

Mr. MOTHERWELL: It is not carried, Mr. Chairman. You did not rule on the point of order.

The CHAIRMAN (Mr. Gobeil): Yes, I did.

Mr. MOTHERWELL: Which way?

The CHAIRMAN (Mr. Gobeil): I ruled the hon. member out of order.

Mr. MOTHERWELL: Excellent.

Experimental farms, including investigations concerning plant diseases, $1,815,000.

Mr. MOTHERWELL: From now until eleven o'clock I am going to try to assist the minister to get his estimates through and I will make my remarks as brief as possible. I have been somewhat anxious about the ultimate fate of the experimental farm at Rosthern. It looks to me as if it is being starved to death. I can understand that. I recall when the Liberals came into power in the early days we did not seem to have enough money to keep all these farms going properly and, Rosthern, Nappan, and Windermere were among those we thought we could not keep going. I reported to my colleagues that either these three farms had to get more money or they would have to be closed. I half suspect that that is the position the minister is in with regard to some of these farms, and I have some sympathy for him if that is the situation. I pointed out to the Minister of Finance of that day that it was a question of either getting more money to keep all these farms going or some of them, and Rosthern was one, would have to be closed. Well, we decided to keep them all going and going strong, and not to start any more until we had more money in sight. That was our policy. The minister should be candid with us and tell us if that is the situation with himself and his colleagues now. If that is the situation the only thing for him to do is to tell his colleagues that there must be some more money supplied for experimental farms or they cannot all be kept going properly. It is better in my opinion to keep eighteen going properly than to keep twenty-two half starved. My good friend knows there was a lot of very fine experimental fruit work being done on that farm at Rosthern. It was coming along nicely, largely under the supervision of the Morden superintendent, Mr. Leslie, since Mr. Munro left, and I believe in some measure it is under his supervision yet. Mr. Hutton took Mr. Munro's place as superintendent of the Rosthern farm, after the latter was let out. I should very much like to know if that farm is going to be allowed to die or live, and not hang it up betwixt and between. It would be a relief to me and I am sure it would be to the minister himself. Rumours have gone abroad that the farm is up for sale. I have no reason for thinking there is anything authentic in that rumour, but I am just passing it along to the minister so that he will not keep the people interested in the work of this farm any longer in suspense. It is a terrible thing to have the people in a community who have become accustomed to an institution like the Rosthern farm wondering what is going to be its ultimate fate. Judging from what I know personally through going past the farm, and judging by the diminishing size of these votes, and knowing what it costs to keep these farms going properly I am a little anxious. Perhaps the minister will tell us what was set aside for this farm last year as compared with say four years ago. If he would do that, and it was a reasonable amount, I would not have much to say about it, because I went through the whole thing myself and finally decided to go ahead full steam with the Rosthern farm, so that I know the minister's position.

Mr. WEIR (Melfort): In the first place the Rosthern farm has not been offered for sale, but I knew there were certain rumours to that effect and I assured the gentleman who wrote me that it had not been offered and that neither it nor any other farm would be offered for sale without tenders being called for. We do feel that Rosthern is doing a very valuable work. They are not carrying out so many small projects; none of the farms is except those where we have decided to specialize along certain lines like the farm at Swift Current, specializing in dry farming and so on. We are carrying out at Rosthern practical experiments chiefly with reference to dairying and the suitability of forage crops for that area north from Saskatoon that has been approved by our own dominion agrostologist. The horticultural work is being directed, as the hon. member said, from Morden. It is very difficult to get men qualified to do this work in sufficient numbers for each of the experimental farms even if it was thought advisable. But Rosthern has been doing particularly good work along these lines, and also in connection with poultry and advanced

registry in pigs. The experiments and the work done there is of a very practical nature, as near as we can get to the actual lines followed by the farmer himself.

Mr. MACKENZIE (Vancouver): May I ask the minister for a list of all experimental farms in Canada and the relative cost of each last year?

Mr. MOTHERWELL: The minister did not give the appropriation for Rosthern last year as compared with four years ago.

Mr. WEIR (Melfort): The list of farms and expenditures is as follows:

List of Branch Dominion Experimental Farms

	Expenditure	
	1934-35	1933-34
Charlottetown, P.E.I.	$35,000	$36,000
Summerside, P.E.I.	12,000	12,000
Kentville, N.S.	51,500	48,900
Nappan, N.S.	41,500	43,000
Fredericton, N.B.	43,000	45,500
Ste. Anne de la Pocatiere, Que.	41,000	43,000
St. Joachim, Que.	7,000	9,500
Cap Rouge, Que.	25,000	23,500
Lennoxville, Que.	40,000	42,350
Farnham, Que.	14,500	15,000
L'Assomption, Que.	27,000	28,000
La Ferme, Que.	11,500	12,000
Kapuskasing, Ont.	40,000	40,000
Harrow, Ont.	38,000	40,000
Delhi, Ont.	8,000	....
Morden, Man.	39,000	41,000
Brandon, Man.	40,000	40,000
Indian Head, Sask.	40,000	41,000
Indian Head Forestry Nursery Station.	29,000	32,000
Sutherland Nursery Station, Sask.	17,000	18,000
Rosthern, Sask.	14,000	15,000
Scott, Sask.	36,500	38,000
Swift Current, Sask.	39,000	42,250
Regina Sub-station, Sask.	5,500	5,500
Lethbridge, Alta.	46,000	48,000
Lacombe, Alta.	39,500	40,500
Manyberries, Alta.	18,500	19,500
Beaverlodge, Alta.	16,000	17,000
Windermere, B.C.	13,000	14,000
Summerland, B.C.	45,000	43,000
Kelowna Sub-station.	6,000	6,500
Agassiz, B.C.	37,000	39,000
Saanichton, B.C.	28,500	30,000

Mr. MACKENZIE (Vancouver): Would the minister give the experimental farms in British Columbia separately, and the expenditure?

Mr. WEIR (Melfort): They are as follows: Windermere, $14,000; Summerland, $43,000; Kelowna substation, $6,500; Agassiz, $39,000; Saanichton, $30,000; substations, $12,000.

Mr. REID: Is a record kept of the visitors to the experimental farms?

Mr. WEIR (Melfort): Of individual visitors, yes, but not of visitors at picnics.

Mr. REID: I have long held to the opinion that one of the great advantages of experimental farms is their accessibility to the neighbouring farmers so that they can visit them. I have also long held the opinion that the farm at Agassiz was established at the wrong place having regard to the whole Fraser valley. I think it would have been of more benefit to the district if it had been established in a place like Chilliwack, which is the centre of a richer and better farming district. Agassiz stands at the head of the valley so to speak, and it is out of the way for motor traffic to find its way down to the farm. The most of the traffic is on the south side of the river, and I think the minister would be well advised to look into the desirability of changing the location of the farm so that it would be more accessible to the whole Fraser valley, and thereby be of more benefit to those for whose benefit experimental farms are conducted.

Mr. HOWDEN: Is it the policy of the department to have a bilingual employee at the farm at Morden? Roughly one-third of the population of Manitoba is French speaking, and when a position was vacant some time ago they expressed the strongest desire to have a bilingual employee on the premises. I mentioned this to the minister at the time, and I should like to know if the department now maintains such an employee.

Mr. WEIR (Melfort): I agree with the hon. member and this matter will be considered should a vacancy occur.

Mr. MACKENZIE (Vancouver): Following up the remarks of the hon. member for New Westminster (Mr. Reid), is it the policy to have farms such as the one at Agassiz cooperate with the research departments of the universities?

Mr. WEIR (Melfort): All the dominion officials cooperate with the provincial officials and with the colleges in any research work. They meet together and lay out a general program. Everyone unites in the carrying out of that program and at the end of the experiments there is a further meeting at which results are noted. If necessary, new plans are laid out.

Mr. MACKENZIE (Vancouver): There is no unnecessary overlapping?

Mr. WEIR (Melfort): I would say at the present time it is at the minimum.

Mr. VENIOT: Has the minister had any correspondence with the government of New Brunswick in connection with the establishment of an agricultural college at the experimental farm at Fredericton?

Mr. WEIR (Melfort): For some time past there has been considerable work done at a number of the experimental farms by way of short classes.

Mr. VENIOT: I understand that, but I was referring to work beyond that.

Mr. WEIR (Melfort): This work is carried on especially in the winter and is much appreciated by the people in the community. Fredericton has done especially good work in this regard, one of the reasons being Mr. Bailey who has been superintendent for a number of years. In order to carry on this work in an ideal manner it is necessary that there should be a dormitory large enough to hold a small number of pupils who could stay for a short period to receive instruction on practical problems. Every consideration is being given to this matter in connection with Fredericton and other experimental farms.

Mr. VENIOT: I might add my appreciation of the work which has been done. The short courses have been excellent and I have personal knowledge of the work. However, my question referred to the establishment of a regular agricultural college where yearly courses could be taken.

Mr. WEIR (Melfort): There has been no communication in that connection.

Mr. REID: Could the minister give us any information regarding the policy in connection with veterinary private practitioners?

Mr. WEIR (Melfort): This is one subject to which we have given a great deal of consideration. In order to meet the demands of certain policies like the tuberculosis testing, it has been found necessary to draw men from private practice to headquarters. The result has been that there are large areas without any private practitioner. In the areas where there are private practitioners our policy has been to provide free service through federal officials. In this connection it has been felt very important that as far as possible this work should be given to private practitioners who can give evidence through written examinations that they are qualified to do the work and that the farmers would be taking no chances in using their services. We held an examination last summer for practitioners who wished to avail themselves of this opportunity, and we have been able to give work to some thirty or forty who passed the examinations. I am informed that it is the intention to take on more in the near future. I do not think there is anything more important in connection with the health of animals and live stock than to give every assistance to private practitioners who are qualified to do the work.

Mr. BOTHWELL: When speaking a few moments ago the minister referred to some special experimental work which was being carried on at the Swift Current experimental station. Can he give any information in this regard?

Mr. WEIR (Melfort): I stated that there were certain farms which had special problems to deal with. There have been no new developments at the Swift Current station. The nature of the work carried on there, such as the studying of soil moisture, soil drifting and climatic conditions, due to the slight rainfall, makes it necessary to maintain a staff of highly trained specialists. The overhead expenses at that farm are more than those at Rosthern, which operates under more normal conditions.

Mr. BOTHWELL: How do the appropriations for Swift Current and Rosthern compare?

Mr. WEIR (Melfort): The appropriation for Swift Current is $42,250; for Rosthern, $15,000; for La Ferme, $12,000, and for Indian Head, $32,000.

Mr. BROWN: What is the figure for Morden?

Mr. WEIR (Melfort): Morden is $41,000. The same conditions obtain there as obtain at Swift Current. We have a higher paid staff because of the specialized work in horticulture and the amount of labour necessary in dealing with the research work.

Mr. MOTHERWELL: Rosthern is down pretty low. I wonder what it was four years ago? I think it used to be between $40,000 and $50,000.

Mr. WEIR (Melfort): I would say $44,000 to $46,000.

Mr. MOTHERWELL: It will soon be a cripple if it has been reduced from $44,000 to $15,000. Would it not be better to close it than to have it going around like a rickle of bones? That is the shape it will soon be in. I do not feel like being cross about it but the minister should go to the Prime Minister and tell him that these farms will have to

close if they do not get more money. I had to do that; I got more money when I was able to make a good case, and they were put in good shape. What is the appropriation for Nappan?

Mr. WEIR (Melfort): Nappan is $43,000.

Mr. MOTHERWELL: I am glad of that, as there was some justification for complaining that it was so close to Truro. However, there seems to be work for both places. I regret the minister's attitude towards Rosthern. That was a special place for the development of fruit. This everlasting idea of growing wheat is not so popular as it used to be. The tendency to-day is more to the development of homes. This chasing of the almighty dollar by means of wheat fields is not so popular or profitable; it is now more popular to plant trees, including fruit and carry on horticulture generally where farmers can afford to do so. Now surely the minister, with all his opportunities, a university man, a man in the scholastic world, is not going to be the one to discourage this tendency. Look at the late Doctor William Saunders, a great London horticulturist and experimentalist. He came to Canada and did the opposite; he built up the home and aesthetic side of agriculture as well as the practical side. He was a man without any practical experience in agriculture but he had a vision of what the line in which he was interested would do for Canada. And look what was done by the late Doctor Macoun, through his apple breeding alone. But here is the minister taking the opposite course. I am sure that if he makes up his mind to do it he can get Rosthern back on its feet, because that was one farm in the west which was doing special work along the line of fruit. I appeal to the minister, in the presence of the Prime Minister, and ask him not to allow Rosthern to languish and die, having regard to that side of the cultural life of Saskatchewan which that farm was developing. I say that in all sincerity and earnestness.

Mr. WEIR (Melfort): With reference to horticultural work in Rosthern, because of the difficulty of getting highly trained specialists, the policy is to work out from a central organization, and I believe that as much work is being done in the way of experiments to find out the suitability of fruit trees for that northern area at the present time as there has been in the past. It is supervised directly from Morden. We find trees that are hardy enough to do well at Morden and they are sent north and planted and watched in Rosthern, and that will be extended to include farms like Scott and other experimental farms. The same is true with regard to grain and grasses; instead of having so many projects in each farm, that work is done more intensively at headquarters and the farms are used rather for practical experiments in the use of these grains and grasses. As regards Rosthern, we feel it is doing a very definite work with these changes.

Mr. MOTHERWELL: That is a nice reply and is most ingenious; it has all the appearance of being on the up and up. But is it? Did the minister not let out a first-class horticulturist in the person of Mr. Munro? Has that gentleman been replaced anywhere? We never had to go from Rosthern to Morden for supervision when Mr. Munro was there; but the minister lets out Mr. Munro and assures us that he will replace him at the first opportunity. Now he contends that he does not need to have anyone there because the work will be supervised from Morden. And it will be well supervised; but that does not justify the situation at all. We had a first-class superintendent in Mr. Munro, who had brought the horticultural side of that farm to its highest state of efficiency, and he could have continued it on that level. But he has been let out. What is the answer to that?

Some hon. MEMBERS: Carried.

Mr. MOTHERWELL: All right; I will let it go, as there is no answer.

Item agreed to.

Live stock, including assistance to fairs and exhibitions, $1,518,302.

Mr. MACKENZIE (Vancouver): What are the grants to New Westminster and Vancouver respectively?

Mr. WEIR (Melfort): There is no grant to New Westminster; the buildings that were destroyed have not been replaced. The grant that was given to the three fairs, New Westminster, Vancouver and Victoria, was divided into two parts.

Mr. MACKENZIE (Vancouver): Was there any grant to the winter fair in Vancouver?

Mr. WEIR (Melfort): Not last year. We were prepared to give $3,000 but they did not think that sufficient.

Mr. MACKENZIE (Vancouver): They did not get any.

Mr. WEIR (Melfort): No; they did not have a fair

Mr. McKENZIE (Assiniboia): I see by the votes and proceedings of May 18 that item 45 was carried.

Mr. WEIR (Melfort): Yes.

Mr. McKENZIE (Assiniboia): That, I believe, was on the understanding that we might discuss anything relating to health of animals. The matter I want to take up is the examinations held last summer in Saskatoon for veterinary surgeons. There was an examination for part time service, but owing to economic conditions and the financial position of veterinary surgeons generally, some of them found it difficult to take the examinations; they could not stand the expense. I have received a letter from one of these gentlemen and also a letter from the registrar of the veterinary surgeons' association, informing me that the men who passed these examinations have not been able to get work.

Mr. WEIR (Melfort): We have taken between thirty and forty of the men who did pass, and where there is work anywhere near we are taking on more veterinaries. I was discussing the matter with the veterinary director general—because I have a special interest in it—and he is of the opinion that we shall be able to give work to practically all these men who have passed the examination, provided the work is within reasonable distance of their own practice. When it is decided to go ahead with the new testing areas in Saskatchewan these men will be given work in connection with that.

Mr. McKENZIE (Assiniboia): There are a number of our veterinary surgeons, fully qualified and registered, who think that it is unnecessary for them to be put to the expense of taking an examination for part time work. Do the veterinary director general and the veterinary department generally feel that the regularly qualified men who have passed examinations and are registered in their own province are unfit to do tuberculosis testing work?

Mr. WEIR (Melfort): The men employed in the health of animals branch, except some taken on at a very early date, have themselves to pass an examination before they can act as officials in the health of animals branch. The hon. member for Assiniboia knows that many veterinary surgeons came to western Canada and engaged in farming or ranching or other work of that kind and naturally would become rusty in their veterinary science, and it was felt to be only fair as a protection to farmers that these men should be asked to pass an examination. In Saskatchewan they were particularly fortunate, especially those who could afford to take the course, which was provided at very low cost, because Doctor Fulton, of Saskatchewan university, put on a short intensive brushing up course; and that will be offered again before the next examination is held. We are of the opinion that by holding these examinations once a year or once every two years a great boon is provided the practitioners themselves. The hon. member asks whether it is thought that these men are not qualified. With that question in mind, when the examination papers were prepared we had in members, and men recommended by members, of the veterinary colleges, because they might be of the same opinion, namely, that these men having once passed, it was a slur on the college that they should be asked to write again. They came in and sat at the reading of the papers which were gone into very carefully and I think these men would be the first now to acknowledge that these examinations are very necessary not only as a check but to have the veterinaries themselves brush up on their work.

Mr. McKENZIE (Assiniboia): Did the result of the examination prove what the minister said, namely that many of them are getting rather rusty?

Mr. WEIR (Melfort): Yes.

Mr. McKENZIE (Assiniboia): I can believe that myself because I was a graduate of a veterinary college about thirty years ago and I do not know that I would care to re-register. But the thing that seems to annoy these veterinary surgeons is the fact that under present economic conditions they cannot afford to go to the expense of taking this short course. So far as tuberculosis work is concerned I do not think there is anything particular about it requiring any special examination, and I imagine that is the greater part of the work. Probably the minister has a copy of the memorandum that was passed at a meeting of the council of the Veterinary Association of Saskatchewan in February last. From the letter accompanying it I believe a copy was sent to practically every local member of the house as well as to the minister himself, but in case the minister has overlooked it I will just put it on Hansard so that we can see what is the feeling of the veterinary association. The memorandum reads:

1. To draw the attention of the minister to the fact that the men who passed the part-time examinations held last summer have as yet received no work from the health of

animals branch, in spite of the fact that a list of available men is in the hands of the civil service commission. Also to urge the minister to see that work is given to these men, when it is available, in their own districts, as soon as possible.

2. To suggest to the minister that the examinations for part-time veterinary surgeons held in future be partly oral if possible.

3. To ask the minister that tuberculosis testing be given to accredited veterinarians in their own districts whether they passed the part-time examinations or not as these men have already passed a special examination held by the health of animals branch in tuberculosis and tuberculosis eradication work, and are quite capable of doing the work.

4. To assure the minister of their continued support in his efforts to try out a system of state veterinary medicine and to ask him to put it into force along the lines suggested two or three years ago, as early as possible.

5. The council of the Veterinary Association of Saskatchewan hopes that the minister will call the meeting as soon as possible looking towards the formation of a Dominion-wide veterinary association. If necessary, Saskatchewan would finance its own delegate.

6. The economic condition of the veterinary surgeons in Saskatchewan is at a low ebb, many of them being unable to make calls any longer from inability to collect fees, which means that sick animals are often dying for the want of veterinary service; this is literally true. The council of the Veterinary Association of Saskatchewan considers that the above measures would materially help to remedy the situation.

The veterinary surgeons in my own district with whom I am well acquainted are finding it very hard under present conditions to make ends meet, and although this examination is probably being held for a quite laudable purpose, it seems to me that the test for tuberculosis, and probably other matters but particularly this test, could be carried on almost entirely by the local man. If it is found that he has become rusty, as the minister imagines, he probably would not be given any of the work, but at the same time, in order to keep these men in their particular districts, I would urge the minister to give them all the work it is possible to give them without the necessity of their taking these examinations.

Mr. WEIR (Melfort): I believe in Saskatchewan some seven out of the ten who passed the examination have been given work. No person, veterinary or anybody else, can give me any more enthusiasm than I have as regards the necessity of assisting private veterinaries, especially in western Canada, and every effort is being made to give them assistance and work because I feel that the veterinarian work has been one side of our live stock industry that has been receiving less care than it should because of the circumstances of which I have spoken before.

As regards the conference and our agreeing to pay the expenses of one, some two years ago I got in touch with the veterinary associations to discuss those problems with them and asked if we could have a dominion conference, but for some reason or another each of them named the same man as a delegate and it was a matter of practically this one man meeting with me. He could not speak with the authority of the veterinaries of each province nor on the problems I especially wished to discuss, that is from the practical veterinary point of view, because he had been a specialist and always engaged in research work institutions.

Mr. BROWN: I should like to speak in support of what has been said by the hon. member for Assiniboia (Mr. McKenzie). We all know veterinary surgeons have been having a difficult time; indeed, the price of live stock and horses has been so low it hardly pays to employ a veterinary surgeon, even if the man could pay him. One case was brought to my notice of a man who had for some years been employed by the department to test for tuberculosis. He was employed first at a port of entry in connection with stock coming in from the United States. Although he has the certificate which he had received at that time, of late he has not been permitted to practise. I know it is quite true, as the minister says, men may get rusty in regard to their early training.

Mr. WEIR (Melfort): Would the hon. member mind giving me the man's name?

Mr. BROWN: Not at the moment. I shall speak again. All of us who have passed examinations in the past realize we would hardly like to be called upon to pass them to-day. A story is told of a professor who said that he had had a horrible dream; it was that he had to pass a freshman's examination. While it is quite possible that men may get rusty on their work it is also possible that the newcomers, smart young men, may set examination papers with which the men who have been in practice for a long time may hardly be familiar. I know when I began to write on examinations my teacher warned me that the worst examiner was a clever young man, and in the course of my experience I found that out to be true. There is just a possibility that examinations may be set on subjects that are rather new and not entirely necessary for the practical work that is required of veterinary surgeons, especially in establishing these tuberculosis areas. I would not for a moment like to interfere with the efficiency of the work

or to ask that inefficients be requested to do it, but I would urge that as much consideration as possible be given to men who passed their examinations some years ago and who have been in continuous practice ever since.

Mr. LUCHKOVICH: I notice this item includes fairs and exhibitions. I understand fairs are divided into class A and class B. Is the department still continuing the grants to class B fairs, and how many of them are still in existence?

Mr. WEIR (Melfort): The grant is being continued although we call them regional fairs just to distinguish them. There are, I believe, thirty so-called B class fairs.

Mr. LUCHKOVICH: Is that more than there were before?

Mr. WEIR (Melfort): The same number, I am given to understand.

Mr. MOTHERWELL: Some reference was made earlier in the session to an outbreak of glanders in Quebec. That is a very serious disease but in the past it has been well kept down throughout Canada. I was wondering whether the staff had discovered the source of that outbreak. Was it from the Maine lumber woods, where Quebec farmers sometimes go for winter occupation and might bring the glanders back with them?

Mr. WEIR (Melfort): No; the first outbreak was in the eastern townships. For the hon. member's information I might refer him to my answer to the hon. member for Cartier (Mr. Jacobs) who wrote me asking that this information be put on record because of the misunderstanding in reference to it. On May 18 I put on Hansard a very full statement. In the first place glanders was discovered in a mild form in the eastern townships of Quebec. Three light horses had been shipped in by truck from the United States, and it was felt that they might have been the source of the disease. The veterinaries went to the place from which these horses came, and after thorough inquiry found no trace of the disease. It was then concluded that the disease had existed in a mild form in the eastern townships, but difficulty was experienced in checking all the contacts because of the stables through which the horses had passed. That entailed a great deal of work. However, the outbreak is now well under control. The record I put on Hansard indicated that out of quite a large number of horses checked up to May 12, only three reacted. One of the reactors came from a place in Alberta, near Beiseker, so that we had to go to Alberta and check contacts there as well. As a further measure of protection to the people of the eastern townships all horses going through the horse yards in Montreal are being thoroughly checked, and we believe the disease is now well under control.

Mr. MOTHERWELL: Would the minister let us know whether this work was in charge of regular officers of his department, or were they part time men?

Mr. WEIR (Melfort): I am glad the hon. member asked that question, because every care was taken to have men who understood the work thoroughly and had had practice in it, and if we had to use any who did not have that experience they were first thoroughly schooled. Colonel Tamblyn, of the permanent force, who has had a lot of experience, came from Kingston and performed some post mortems for the benefit of these people. In addition to that we brought men from the west who had had experience in dealing with glanders in Alberta.

Item agreed to.

Salaries, $684,144; contingencies, $90,600.

Mr. MACKENZIE (Vancouver): Why was this item held over?

Mr. BENNETT: We said we would let it stand the other evening.

Item agreed to.

External Affairs—

Canada's contribution to the expenses of the League of Nations for 1934, including secretariat, international labour organization and permanent court of international justice, $205,569.42.

Mr. BENNETT: We allowed this item to stand because it is a League of Nations item, but in view of the discussion that took place at the recent annual meeting, and what has been said, probably there is no need of its standing longer.

Item agreed to.

Mr. BENNETT: I think there was an understanding that one item, penitentiaries, should stand. On one item of pensions and national health the minister was to get some information for the hon. member for West Edmonton (Mr. Stewart) and the hon. member for North Wellington (Mr. Blair). There is item No. 185, unemployment relief, and there is one in miscellaneous, child welfare, No. 239.

Mr. MACKENZIE (Vancouver): No. 185 is pensions?

Mr. BENNETT: Yes, unemployment relief. An item of trade and commerce was allowed to stand until a report is made by the committee that is considering garnet wheat. I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

RAILWAYS AND SHIPPING

The house having reverted to the order for motions:

Hon. E. N. RHODES (Minister of Finance) moved:

That the estimates respecting the Canadian National Steamships and the Maritime Freight Rates Act, presented to the house on the 27th April, be referred to the select standing committee on railways and shipping owned, operated and controlled by the government, and that the order referring the same to the committee of supply be discharged.

Motion agreed to.

On motion of Mr. Bennett the house adjourned at 10.42 p.m.

Monday, June 4, 1934

The house met at three o'clock.

CANADA SHIPPING ACT

Mr. SPEAKER: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed the following bill to which the concurrence of this house is desired:

Bill No. 91 (letter E of the Senate) intituled: "An Act Respecting Shipping."

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, you have just read a message from the Senate indicating that Bill Letter E of the Senate relating to shipping has been passed by the Senate. We were unable to complete the printing of it by Friday night, and as the bill is now transmitted to the house I would move, with the permission of the house, that standing order 22, which provides that bills originating in the Senate and sent to this house for concurrence shall be placed for first reading on the order paper under the heading "routine proceedings," immediately after "introduction of bills," be suspended for this sitting and that the bill be placed on the order paper so that it may be read the first time this afternoon. I will write the motion presently. I have just heard the message read from the Senate and I was not sure until a few minutes ago that it would come to us this afternoon.

Mr. MACKENZIE KING: It is purely to expedite the proceedings of the house?

Mr. BENNETT: Yes.

Motion agreed to.

Hon. ALFRED DURANLEAU (Minister of Marine) moved for leave to introduce Bill No. 91 respecting shipping.

Mr. MACKENZIE KING: Will the minister explain the bill?

Mr. DURANLEAU: On this reading I do not intend to go further than to say that this measure is a complete revision of our Canadian laws respecting shipping. It has been framed in the light of the statute of Westminster and of the agreement with the other dominions as to uniformity in shipping laws, and also in the light of our Canadian laws, so as to give Canada a full power over all Canadian ships no matter where they might be and over other British or foreign ships within Canadian territory. I intend to make a complete statement on the second reading.

Motion agreed to and bill read the first time.

PRIVATE BILL

FIRST READING

Bill No. 85, for the relief of Mary Mabel Taylor Johnson.—Mr. Lawson.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GOVERNMENT EMPLOYEES IN WINDSOR, ONT.

Mr. MORAND:

How many government employees are there in the port and sub-ports of Windsor in (1) immigration; (2) customs and excise; (3) post office; (4) radio department; (5) weights and measures; (6) agriculture; (7) annuities; (8) income tax?

Mr. CAHAN:

1. 66.
2. 261.
3. 139. This includes postal employees at Walkerville and Sandwich postal stations.
4. 3.
5. 1.
6. 10.
7. 1.
8. 2.—Total 483.

BIG BEAVER, SASK., POST OFFICE

Mr. DONNELLY:

1. Who is the postmaster or postmistress at Big Beaver, Saskatchewan?
2. Is he or she a British subject?
3. If a British subject, is he or she such by birth or naturalization?
4. If by naturalization, when naturalized and by what process?

Mr. CAHAN:

1. Miss Lela Marian Wood.

2, 3 and 4. According to a statement made by the postmistress on the 3rd March, 1931, she was born at Britton, South Dakota, U.S.A., on the 26th February, 1907, and became a British subject when her father was naturalized. The postmistress states that she is the daughter of Edwin Wood. The records of the Department of the Secretary of State disclose that Edwin Wood, formerly of Britton, South Dakota, was naturalized at Weyburn, Saskatchewan, on 15th January, 1917, under the Naturalization Act, R.S.C. 1906, chapter 77. By the provisions of that act, all his minor children who were residing with him in Canada are deemed to be naturalized British subjects.

MOTIONS FOR PAPERS

NOVA SCOTIA COAL SUBSIDIES

Mr. MACDOUGALL:

For a return showing the amount of money spent annually by the federal government by way of subsidies to the Nova Scotia coal industry from 1923 to 1934, inclusive.

GRAND FALLS, N.B., POSTMASTERSHIP

Mr. MICHAUD:

For a copy of all correspondence, letters, telegrams and orders in council, relating to the appointment of a postmaster at Grand Falls, Victoria county, New Brunswick.

WHITE BROOK, N.B., POSTMASTERSHIP

Mr. MICHAUD:

For a copy of all correspondence, letters, telegrams and orders in council, relating to the post office and dismissal of postmaster and appointment of successor, at White Brook, Restigouche county, New Brunswick, between September 1, 1930, to May 29, 1934.

RIDING MOUNTAIN NATIONAL PARK

Mr. WEIR (Macdonald):

For a return regarding the Riding Mountain national park in Manitoba showing, the names and addresses of: (a) persons holding permanent or administrative positions; (b) persons holding temporary positions and the character of work being done by each; (c) persons holding concessions of any kind; (d) persons having contracts of any kind.

[Mr. Cahan.]

CASCAPEDIA, QUE., WHARF

Mr. DUGUAY:

For a copy of all correspondence exchanged between the provincial government of Quebec and the federal department of Public Works and Labour, and any other person or corporation, respecting the building of a wharf at Cascapedia, on the Cascapedia river, county of Bonaventure.

UNEMPLOYMENT RELIEF—MR. ELIAS LEBEL

Mr. FAFARD:

For a copy of all telegrams, correspondence, and other documents exchanged during the past two years between the dominion unemployment relief bureau and Mr. Elias Lebel, of Ste-Jeanne d'Arc, county of Matapedia, Quebec.

OLD AGE PENSIONS—NOVA SCOTIA

Mr. MACDOUGALL:

For a return showing: (a) the number of aged people in Nova Scotia to whom old age pensions have been granted, with their names and addresses; (b) the amount paid to date by the federal government in respect to the payment of such old age pensions in Nova Scotia.

Mr. A. W. NEILL (Comox-Alberni): I rise to a point of order which perhaps is on a very wide basis. I suggest that it is not in the public interest that the names and addresses of these old age pensioners should be published.

Right Hon. R. B. BENNETT (Prime Minister): The hon. gentleman sent me a note indicating that he thought names and addresses might be omitted. As a matter of fact, with respect to another return the matter was looked into last year and it will be recalled that a return was ordered containing the names of all those receiving pensions under the military pensions act, so that from the standpoint of the right to receive the information if it is sought, I am afraid there is no question as to its being quite competent and proper for the house to pass the order if it so desires.

Motion agreed to.

BEACON HILL, SPIRITWOOD AND MEDSTEAD, SASK., POST OFFICES

On the notices of motions:

Mr. McINTOSH:

For a copy of all correspondence, letters and other documents exchanged between any person in Beacon Hill, Beacon Hill district or elsewhere, and the department of the Postmaster General, regarding the management of the post office at Beacon Hill, Saskatchewan, during the past year; also a copy of any report made by an inspector of the Post Office

Department who made a special investigation in connection with the management of said post office any time between June 1, 1933, and June 1, 1934.

Mr. McINTOSH:

For a copy of all correspondence, letters and telegrams exchanged between any person in Spiritwood, the Spiritwood district or elsewhere, and the department of the Postmaster General, regarding the management of the post office at Spiritwood, Saskatchewan, since September, 1930, to April 1, 1934; also a copy of the report of the inspector of the department who made a special investigation in connection with the management of the said post office during the month of February or March or any other month during the year from June 1, 1933, and June 1, 1934.

Mr. McINTOSH:

For a copy of all correspondence, letters and telegrams exchanged between any person in Medstead, Medstead district or elsewhere, and the department of the Postmaster General, regarding the management of the post office at Medstead, Saskatchewan, during the past year; also a copy of any report made by an inspector of the department who made a special investigation in connection with the management of said post office any time between June 1, 1933, and June 1, 1934.

Mr. BENNETT: In view of the terms of these notices of motion, three in number, standing in the name of the hon. member for North Battleford (Mr. McIntosh), I should like them to stand because they are asking for letters from unnamed persons, and one can easily realize how difficult it will be to prepare such a return when you have not the names of all the persons in the particular district who have communicated with the department. In the closing lines of these notices another question is raised to which I should like to speak when the hon. member is in his place. At present I would ask that the notices of motion stand.

Notices of motions stand.

PRIVILEGE—MR. WEIR (MELFORT)

Hon. ROBERT WEIR (Minister of Agriculture): Mr. Speaker, I rise to a question of privilege. In this connection I regret that the hon. member for North Battleford (Mr. McIntosh) is not in his seat but I feel I cannot delay the matter. It is reported on page 3613 of Hansard of Friday, June 1, 1934, that the hon. member for North Battleford stated as follows:

> Last year the minister contended that the Anglo-Saxons were the only people in the north; he suggested that the Mennonites, the French, the Belgians, the Scotch and the Welsh and others were not people, but merely political cattle.

I was listening very closely to the hon. member for North Battleford and I did not hear him use the words "but merely political cattle." I asked some of my colleagues if they had heard these words used and they stated definitely that they had not.

On checking up the typewritten copy of Hansard I found that the words "but merely political cattle" had been written in with a red pencil, and that there had been a period after the word "people." Upon inquiring of the staff of Hansard I was informed that these words were not in the reporter's notes and the reason they were inserted was that the hon. member for North Battleford instructed Mr. Young, associate editor of debates, that he had used these words and insisted that they be inserted.

The hon. member for North Battleford was referring to a statement that I had made in the house, as set out in revised Hansard at page 5280 of May 22, 1933, wherein referring to the Mennonites I stated as follows:

> I had the privilege and pleasure of working throughout that whole district for years as a school inspector. I know many of these people personally and they take second place to none.

On the same date in the same debate, with reference to the French, I stated as reported on page 5290 of Hansard:

> There is no hon. member in this house or out of it with a higher estimation of the fine qualities of our French-Canadians and of the French in the old land than I have.

On the same page in referring to these people I referred to "French, Ukrainian, Scandinavian and other people who live in harmony, and are doing everything they can to make that one of the best sections in Canada."

In view of my opinion so expressed, therefore, the words allegedly inserted are so insulting that had I heard them used I would have insisted at the time that they be withdrawn. Having checked up unrevised Hansard and having consulted my colleagues present in the house, who state definitely they did not hear the words used, I would ask that the four words "but merely political cattle" be stricken from the record.

Mr. SPEAKER: In the absence of the hon. member for North Battleford I think the matter had better stand. In any event it is not one in which the Speaker can give a ruling. I suggest that it ought to be referred to the select standing committee on the official report of debates.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I think this matter goes much further than that. In my opinion it should be referred to the committee on privileges and elections.

Right Hon. W. L. MACKENZIE KING: I think possibly it would be well to hear the hon. member in the first instance.

Mr. BENNETT: I quite agree that the matter should not be dealt with now in the absence of the hon. member.

PREVENTIVE SERVICE SEARCHES

On the orders of the day:

Hon. R. C. MATTHEWS (Minister of National Revenue): A few days ago the hon. member for Sherbrooke (Mr. Howard) asked me a question. He wanted information as to whether the Department of National Revenue or the minister had issued instructions to the preventive service to hold up and search cars of private citizens on the 24th of May on the roads all over the eastern townships.

In reply I may say that no such instructions were issued by the department or the minister.

PRIVILEGE—MR. HEAPS

On the orders of the day:

Mr. A. A. HEAPS (North Winnipeg): Before the orders of the day are proceeded with I wish to refer to the proceedings of Friday afternoon when the estimates of the Post Office Department were before the committee. I observe on page 3885 of Hansard it is stated that the item was agreed to, and I presume that refers to the last item in the estimates of the department. I was under the impression that when the chairman of the committee stated that the item was carried several members on this side of the house rose in their places, I being one, and said "No." Now the proceedings record that item as carried, but it will be observed that the discussion proceeded after that, I along with others being under the impression that the item had not carried. It will also be observed that subsequent to that report in Hansard and the chairman making that notation on the records of the house, the Postmaster General himself stated that he was to give the same evening information in connection with the estimates, all of us being under the impression that the item was still before the committee.

If that is the last item in the estimates it means that we shall have no further opportunity of discussing the question, owing to a mistake in the records of the house. I do not know what can be done to change it, but I hope that the Postmaster General will have no objection to allowing the matter to be reopened at a subsequent date.

Right Hon. R. B. BENNETT (Prime Minister): The hon. gentleman will have the most ample opportunity for further discussion when the bill founded on the resolutions is in committee of the whole and in committee of ways and means. He will have the most ample opportunity to discuss any item in the estimates that he may desire.

Mr. HEAPS: That is not the point. What I am trying to point out is that the chairman of the committee, perhaps through some misunderstanding, claimed and put on the records of the house that this item had carried when in fact it had not carried, and the discussion proceeded just as though the item had not carried.

Mr. SPEAKER: As pointed out by the Prime Minister, the hon. member will have ample opportunity later to address himself further to the item. The item was carried on June 1, and is properly so entered in the proceedings as taken down by the clerk. And the Hansard report verifies the record kept by the clerk.

Mr. HEAPS: But on a point of order may I point out—

Mr. SPEAKER: It is out of order to speak further on the subject. The hon. member will have ample opportunity to discuss the matter before the committee. Meantime the records of the house will stand as they are.

Mr. HEAPS: But what I want to point out, if I may—

Mr. SPEAKER: Order.

Mr. HEAPS: On a point of order, is it not possible that in noting the proceedings of the committee the chairman of the committee himself may have made a mistake?

Mr. SPEAKER: In this case he is correct.

Mr. HEAPS: If it is correct can you inform me why the discussion continued after the item was carried?

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. VENIOT: If I may be permitted a word regarding that question, I think it was wrong to say that the item was carried.

Hansard reports the item carried, that is item 21, which we were dealing with at that time, and we went on afterwards to items in the general estimates. That was civil government. In the general estimates item 256 is divided into three parts. We were dealing with the three items separately, and when six o'clock was reached the hon. member who has raised the question of privilege was on his feet. I remember quite distinctly that when the chairman left the chair at six o'clock I felt sure the item had not been carried, that is 256 including all three items. We were discussing salaries and allowances, and mail services and so forth, mixing up the two. I crossed the house and said to the Potmaster General, "Your estimates will go through hurriedly after six o'clock, perhaps within half an hour." I was anxious myself to have the estimates go through, and with that in mind I crossed the floor to the Postmaster General, but he informed me that the items were all through, the chairman had said, "Carried." The Postmaster General was under the impression that his estimates had been carried.

Mr. SAUVE: Yes, exactly.

Mr. VENIOT: I then went to the chairman before he left the chamber and asked him whether these items were carried, and he said yes. The clerk assistant looked at the record and informed me that on the table record, the scroll, it was marked "Carried." I had my doubts whether it was carried. Then the matter came up afterwards in discussion with the hon. member for North Winnipeg (Mr. Heaps) and I told the hon. member that it was marked "Carried" on the scroll, but the item carried is not the item in dispute at all.

Mr. SPEAKER: There is no point in elaborating the question any further, but if the hon. member will turn to page 3871 of Hansard, he will find that the whole item is reported, and that the whole item was under discussion according to the record. In any event, the chairman of the committee called it carried, the clerk who was taking the record put it down as carried and it has been carried.

Mr. G. G. COOTE (Macleod): I think, Mr. Speaker, that in this case the liberties of the house are perhaps challenged, and I would ask Your Honour whether the chairman of the committee can declare an item carried while members are discussing that very item. Is that the position the house is being placed in by the happening of Friday afternoon? The Speaker of the house is charged with looking after the liberties of the house and seeing that they are not infringed upon. I think the member who was acting as chairman of the committee simply made an error in calling the item carried. We do not wish to set up a precedent here that will enable a chairman at any time to declare an item carried and so prevent discussion.

Mr. BENNETT: I think, Mr. Speaker, that the only method by which a matter of this kind can be dealt with is by formal proceeding. As far as the records of this house are concerned they show that the item was carried. They show further that the report of the committee was adopted. That being so, formal proceedings would have to be taken to vary the records. Assuming there may have been some confusion at the moment, after hearing the hon. member for North Winnipeg I have just indicated to him that no prejudice could possibly follow for he would be afforded opportunity to discuss the item which he says was prematurely passed or recorded as passed when it should not have been. I think where no prejudice has been done there is no necessity to resort to any formal proceedings, but if anyone were prejudiced by the action that has been taken there are means that can be resorted to, although they are somewhat formal in their character, for the purpose of seeing that the prejudice is removed from any hon. member of the house. I bear out what the hon. member for Gloucester (Mr. Veniot) has stated; I was not in the house in the afternoon, but just as the house rose he informed me that the post office estimates would be disposed of the next day, because he was going to make just a brief review of the situation. As I see it from the records, that is what did transpire and the report of the committee was made. For that reason I do not think the rights of the house have been affected; no prejudice has been done, and the hon. member will be afforded an opportunity to discuss the item when the house is in committee on the bill founded on the resolutions.

COURTS OF ADMIRALTY

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of bill No. 88, respecting courts of admiralty.

He said: Mr. Speaker, I think it would be well if I offered a word of explanation in regard to the object and scope of the proposed

measure. There is a very useful and full explanatory note on the reverse side of page 1 of the bill.

Admiralty jurisdiction, as established in the Dominion of Canada, will be found at the present time in chapter 33 of the revised statutes of Canada, and that jurisdiction is founded upon the limitations imposed or the permission granted to what in the early days were colonies and are now dominions to pass acts in conformity with certain acts passed by the parliament of the United Kingdom in regard to the subject of admiralty law and the jurisdiction of the courts of admiralty throughout the empire. The acts of the United Kingdom upon which this jurisdiction was originally founded were those passed by the parliament of Great Britain in 1840, again in 1861 and again in 1890, as well as the most recent consolidation of the various courts of admiralty acts in the act known as the Supreme Court of Judicature Act, passed in 1925.

The admiralty jurisdiction established in this country under chapter 33 of the revised statutes of Canada was so established in the year 1890, and it has continued in force for the last forty-four years with very slight amendments. However, it will be remembered that at the imperial conference held in 1927 a review was made not only of the admiralty and merchant shipping acts but also of the Colonial Laws Validity Act, and at that conference it was agreed that a special committee should be set up to consider the operation of these acts in regard to the various dominions constituting the British Empire. A new constitutional status was established as between the United Kingdom and the various dominions of the British Empire at the conference of 1927, and the report of that conference was subsequently carried into effect at the conference which met in London in 1930. In the interval the special committee which had been set up in 1927 went exhaustively into the question of shipping and also into the question of administration of the admiralty law throughout the British Empire. My hon. friend from Quebec East (Mr. Lapointe) was a member of that special committee which sat in London in 1929, and the report of the committee was formally adopted at the imperial conference in 1930.

At the Imperial Conference of 1930 it was also decided to adopt a new constitutional act to be known as the statute of Westminster for the purpose of confirming the conclusions which had been reached at the conferences of 1927 and 1930. In 1931 the statute of Westminster was passed by the parliament of the United Kingdom, and in the following year a similar statute was passed by this parliament. The effect of the adoption of that statute both in Great Britain and in Canada has been to extend the jurisdiction of the Dominion of Canada, to make it practically co-extensive with the jurisdiction of the parliament of the United Kingdom in respect to admiralty laws and the establishment of courts of admiralty throughout the British Empire. It is to be noted that in the report made by the special committee in 1929 it was emphasized that so far as possible there should be uniform jurisdiction and procedure in all admiralty courts throughout the British commonwealth, subject, however, to such variations as might be required in matters of purely local and domestic interest. In the drafting of their bill it has been sought to make the admiralty law of Canada conformable to the admiralty court legislation of Great Britain as set out in the act passed by the parliament of the United Kingdom in 1925, which is the latest enactment of Great Britain on the subject; and it has also been the object of the draftsmen of the present measure to make such special provision as may be necessary in regard to matters of purely local and domestic interest in regard to the administration of admiralty law in the Dominion of Canada.

I may say that this bill has been prepared by the law officers of the Department of Justice, and great care has been exercised in its preparation. It was introduced originally in the Senate of Canada, where it was given very grave and careful consideration. The Senate made an exhaustive examination of the various clauses of the bill, passed the measure and sent it to this chamber for consideration. I am aware, of course, that a great many hon. members of this chamber are not very familiar with admiralty law or admiralty courts; those of us who live in the inland parts of Canada have little experience either with admiralty law or with admiralty courts, but having given the bill the best attention I am able to bestow upon it, and having obtained advice from men well qualified to offer opinions in regard to such matters, I am satisfied that the present measure very comprehensively embodies the admiralty laws of Great Britain and provides for their application to the Dominion of Canada with such alterations and variations as may be necessary to ensure that all local and special interests pertaining to the Dominion of Canada have been safeguarded.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

Section 1 agreed to.

On section 2—Definitions.

Mr. HANBURY: I should like to know whether there will be any change in our Canadian judiciary as a result of the carrying out of this legislation?

Mr. GUTHRIE: Yes, there are some changes. For instance, at the present time the Exchequer Court is empowered to administer the admiralty law in the Dominion of Canada. Both judges of that court, there being a chief and puisne judge, have jurisdiction. At the present time, in the case of an appeal such appeal may be heard by either one of the judges of the Exchequer court. Under the present bill the two judges will have to hear appeals. In the case of the absence or the inability of one judge to be present power is given for the appointment of an ad hoc judge to be called in for that purpose, in order to make a court of two judges. There are some changes of that kind, although there are not many, and they are not important.

Section agreed to.

Sections 3 to 10 inclusive agreed to.

On section 11—Governor in council may constitute admiralty districts.

Mr. BLACK (Yukon): In regard to section 11, may I ask the minister whether the admiralty districts already established by order in council are interfered with by this act, and whether they will have to be reestablished?

Mr. GUTHRIE: This is precisely the same allocation of admiralty districts as appears in the present act in the revised statutes. There has been no change.

Section agreed to.

Sections 12 to 38 inclusive agreed to.

Schedule A agreed to.

Bill reported, read the third time and passed.

INDIAN ACT AMENDMENT

Hon. THOMAS G. MURPHY (Minister of the Interior) moved the second reading of Bill No. 90, respecting the Caughnawaga Indian reserve and to amend the Indian Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

On section 1—Acts and proceedings validated.

Mr. STEWART (Edmonton): Would the minister explain the object of this bill?

Mr. BENNETT: It is to validate an illegal order in council.

Mr. MURPHY: If the ex-Minister of the Interior will turn to my remarks as reported in Hansard when the bill was introduced on June 1 he will find there a full explanation.

Mr. STEWART (Edmonton): Two or three words would settle the whole matter. The Caughnawaga band of Indians has been particularly difficult to deal with. I do not ask for a long explanation.

Mr. MURPHY: On March 5, 1889, the Caughnawaga band was brought under part 2 of the Indian Act by order in council. The order provided for six sections or divisions of the reserve under the provisions of the act, section 167, which provides for the division of the reserve into sections not exceeding six, containing as nearly as possible an equal number of voters, or if the Indians so desire, only one section may be constituted. Subsequently on July 12, 1906, at the request of the Indians a further order in council changed the six sections to one. Since that year elections for councillors have been conducted annually under the latter order in council. That is to say, the councillors for that reserve have been elected at large rather than for the six sections. It now transpires that that second order in council was illegal and the legislation now before the house is merely for the purpose of validating the acts which have been done since that time down to the present, and to amend the section so that the superintendent general may have the elections in that reserve carried on either for the six divisions or for the reserve as one division, as may be wished.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

EXCISE ACT AMENDMENT

Hon. R. C. MATTHEWS (Minister of National Revenue) moved the second reading of Bill No. 89, to amend and consolidate the Excise Act.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I do not wish to oppose the second reading of this bill and I rise only to ask the minister if he would

draw the attention of the house to such of its provisions as may be in the nature of amendments to existing acts. Most of the measure is a consolidation, and if there is anything substantial in the way of additions I should be glad if the minister would indicate what there is. The hon. member for North Waterloo the ex-Minister of National Revenue (Mr. Euler) is not in the house to-day. While I do not wish that circumstance in any way to delay the proceedings, and I am sure he would not, if when we are in committee we come to clauses to which exception is likely to be taken I would be glad if the minister would allow them to be held over until the ex-minister is in his seat.

Mr. MATTHEWS: Mr. Speaker, that will be quite agreeable to me. I might say to the right hon. gentleman what I intended to say if I had made an extended explanation, that there are three rather radical changes in the bill. My right hon. friend asked me on the first reading if there were any new sections, and I intimated to him that there were none of any great moment, having in mind that the principal changes have already been made known to the house by the Minister of Finance when his budget proposals were under discussion.

The three principal changes are as follows. First, the gallonage tax on beer imposed by the Special War Revenue Act is being repealed, and the existing duty on malt is being increased.

The second change is that the tax imposed by the Special War Revenue Act on malt syrup suitable for the brewing of beer is being repealed and converted into a duty of excise.

The third change is the setting up of a schedule or tariff of excise duties which will be very convenient for purposes of reference. That appears on the last pages of the bill.

For the convenience of the house the existing act with all the consolidated amendments is printed in extenso on the right hand pages of this bill, and as far as possible the corresponding sections of the amending bill will be found directly opposite to the old sections. I shall be glad, Mr. Speaker, to discuss these changes and others of a minor nature when the relevant clauses are before the committee.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

Sections 1 to 8 inclusive agreed to.

[Mr. Mackenzie King.]

On section 9—Minister may refuse or suspend licence.

Mr. HANBURY: Is there any change in the licensing of breweries or distilleries?

Mr. MATTHEWS: Section 172 deals with that. There is no essential change.

Section agreed to.

Sections 10 to 69 inclusive agreed to.

On section 70—Forfeited goods.

Mr. HANBURY: It has come to my knowledge that many automobiles have been seized in the past and that in many cases when they have been advertised for sale there has not been sufficient publicity so that many people in the area are unaware of the sale, with the result that many automobiles have been sold at ridiculously low values. Some provision could be made by the department to ensure that the general public have greater knowledge of these sales and it would also be in the interest of the public that a valuation should be placed on these automobiles and that they be not sold as I have heard they have been in the past not of necessity to political friends but to friends of seizing officers who probably insert the notice in some little country newspaper and then tell some of their particular friends that if they would be present at the sale they would not be likely to have much competition.

Mr. HACKETT: Does that not come under the Customs Act and not under this one?

Mr. HANBURY: I leave that to my hon. friend. I am just making my representation to the minister. I think that is a condition that should be corrected.

Mr. MATTHEWS: I am advised that in case of a seized automobile two or three weeks' notice is given by advertising in the local or city papers in Toronto or Montreal, and invariably the highest tender is accepted. If my hon. friend knows of any irregularity I would be very glad if he would report it to me.

Mr. HANBURY: I am not suggesting to the minister there has been irregularity, but my understanding of the matter is that these seizing officers sometimes when they come on a very valuable car do not give to the sale the publicity that they otherwise would. Further than that, I think in order to meet that situation it would be advisable to place an upset price on such a car. I realize that

is not always an easy matter, but there is no question some of these officers have been taking advantage of their knowledge and position to see that their friends, and in some cases their own relatives, get an automobile at much less than the department would desire.

Mr. MATTHEWS: Can the hon. member give me a case?

Mr. HANBURY: I have no particular case in mind but I understand this is a more or less general practice.

Mr. BOUCHARD: In support of what the hon. gentleman who has just taken his seat has said, it was rumoured in my district—I have no particular case in mind; I have not had time to look into the matter and it is always difficult to get the facts of a case like that—that in one instance some people closely connected with the customs officers were given a chance to buy cars at a very low price. I do not mean there is anything irregular but there is at least a carelessness that should be remedied as soon as possible.

Mr. MERCIER (St. Henri): As regards the advertisement of the date of sale of a car by the department, could there be a notice posted up on public buildings in Montreal so that every body might see it?

Mr. MATTHEWS: The date of sale is invariably posted and in large cities we get a valuation on the car before it is sold.

Mr. HACKETT: Just the other day I received a complaint that automobiles seized, I think it was under the Customs Act, had been destroyed because the upset price was too high. This suggestion was that the government should take a lesser price rather than destroy the automobiles and receive nothing for them. I have never heard of any complaint under the Excise Act but I have heard of complaints under the Customs Act of the kind I have just related to the committee.

Mr. MERCIER (St. Henri): Where is the auction of such cars held in Montreal?

Mr. MATTHEWS: The cars are seized and sold in Montreal.

Mr. MERCIER (St. Henri): What about the date of sale?

Mr. MATTHEWS: The date and place of sale are posted; they are well known.

Mr. MERCIER (St. Henri): When did the last sale take place, and where? I am asking this just for information; I have no grievance.

Mr. MATTHEWS: I am sorry to have to say that we are selling cars every week.

Mr. MERCIER (St. Henri): In the department in Montreal?

Mr. MATTHEWS: Yes.

Section agreed to.

Sections 71 to 118 inclusive agreed to.

On section 119—Minimum penalty.

Mr. MERCIER (St. Henri): This section says that the courts shall have no power to suspend sentence. Is that a new provision?

Mr. MATTHEWS: No, that is not new.

Section agreed to.

Sections 120 to 123 inclusive agreed to.

On section 124—penalties belong to crown.

Mr. MACKENZIE KING: Would the minister explain the significance of that section?

Mr. MATTHEWS: This section, which corresponds to section 133 of the existing act, has been rewritten, to bring the Excise Act in line with the practice long ago adopted under the Customs Act of paying for information received, if such information results in conviction and the imposition of penalties; even if for various reasons the net proceeds may be a loss, that is if the fine is not paid and the convicted person prefers to serve time, or the expenses exceed the amount realized.

Mr. STEWART (Edmonton): Is it the intention to pay an officer of your own department as well as an informant?

The CHAIRMAN (Mr. Hanson, York-Sunbury): It is in the discretion of the minister.

Mr. MATTHEWS: Yes, both officers and informants.

Mr. STEWART (Edmonton): That is, you are going to pay an official of the department who is under salary for getting information that will lead to conviction, in other words for carrying out his duty?

Mr. HACKETT: That is the rule that has obtained under the Customs Act.

Mr. HANBURY: That does not make it right.

Mr. MATTHEWS: This system has obtained under the Customs Act since confederation.

Mr. STEWART (Edmonton): I know it has but I do not like it. I am strongly

opposed to it. If you are paying a man to do a job he ought to do it; his remuneration should not depend upon his success in getting convictions.

Mr. BOTHWELL: Just a few days ago the papers carried a report of a case in British Columbia in which the magistrate commented on this question of moiety. It seems that some plainclothes men or stool pigeons or whatever they are called planted or sold certain liquor to perhaps a restaurant keeper, and then gave information to the police that this particular storekeeper or whatever he was had this liquor in his possession. A policeman found it there and the man was charged with having spirits illegally on his premises. According to the statement of the magistrate in that case this was done simply for the purpose of getting a share of the fine, getting this moiety. I believe the section which permits things of that kind being done should be seriously considered before it is re-enacted.

Mr. MATTHEWS: The power given under this section is discretionary. I shall be glad to let it stand, and give it further consideration.

Section stands.

Section 125 agreed to.

On section 126—Regulations.

Mr. MACKENZIE KING: There is an important departure here, if I read this section aright. It says that:

> The minister may make such regulations as to him seem necessary or expedient for giving effect to any of the provisions of this act.

Formerly, I understand, the governor in council made the regulations. Apparently the power is now being given to the minister. I know that a time does come when some power has to be delegated, but it seems to me that this matter of the delegation of power to a minister should be considered very carefully, because the public generally will be affected by regulations which the minister makes. Other departments of the government will also be interested in and affected by them. It seems to me that it is a mistake to take this power of making regulations out of the hands of the governor in council and give it solely to the minister. I wish the minister would tell us why he has found it necessary to seek to change the act in that particular.

Mr. MATTHEWS: Section 126 corresponds to section 135 of the existing act. It has been rewritten to confer upon the minister the general power of making administrative regulations. The existing section confers that power upon the governor in council, in addition to the powers proposed to be conferred upon the minister by the bill to declare the true intent of any of the provisions of this act. This bill omits this, and also omits as redundant, in view of the general power to make regulations, the specific power to make regulations for warehousing and so on. Throughout the bill the draftsmen have proceeded on the basis that administrative regulations can be made departmentally, that is by the minister, more conveniently than by the governor in council. Such regulations must of course, be confined strictly to matters of administration—

Mr. HANBURY: It does not say so.

Mr. MATTHEWS: —the powers of the minister to regulate being confined to giving effect to the provisions of the act.

Mr. MACKENZIE KING: What the minister says only confirms what I said as to the intent of the change; it is to take away from the governor in council and give to the minister himself the power of making the regulations that may be necessary under this act. From confederation up to the present time that is a power which has rested with the governor in council and has not been delegated solely to the minister. In connection with section 126 one must, I think, read section 128:

> All regulations made under this act shall have the force of law, and the person guilty of any violation of any regulation shall be subject to such penalty or forfeiture as by this act is provided.

In other words, under this compilation, which is in part a revision of and in part an addition to existing acts, we are being asked to give to a single minister of the crown the power to make regulations which involve penalties in the nature of fine and imprisonment. That is the very thing that we have been protesting against so strongly all through this session, with respect to the marketing bill and other legislation, that power is being taken first of all from parliament and given to the governor in council and then where formerly entrusted to the governor in council is taken from the governor in council and entrusted to a minister.

I have made reference at different times to a report of the royal commission appointed in Great Britain, about five years ago I think, to consider this whole question of the delegation of power to ministers of the crown. That commission went very fully into the kind

of matters which we are being called upon to deal with here. I recall that one of the comments of the commissioners was that officials like to get into their own hands the power to make regulations, and the report uses words similar to those the minister himself has used, that this is so because it is more convenient for officials to have the making of regulations in the hands of their own ministers, than to be obliged to have the minister obtain the approval of the governor in council. But the matter of excise deals with taxation, and with respect to taxation I submit that the power of complete control should not be removed from the House of Commons to any further degree than is absolutely necessary. There is a certain safeguard to the ministry itself in having these regulations come before the governor in council for approval. I know that time and again during the period when the late Liberal administration was in office regulations which were recommended by the Department of National Revenue came before the council for consideration. On many occasions very strong reasons were pointed out as to why the proposed regulations should not be made, either for example by the Minister of Agriculture, the Minister of Labour, the Minister of Trade and Commerce or as was most frequently the case the Minister of Finance. I do think that in these matters that are certain to some extent to affect taxation the governor in council ought to have supervision over the regulations. I believe they should be approved by the governor in council and should not be left to the minister. I would ask that this section be allowed to stand.

Mr. GUTHRIE: There is only a very slight change in the law as it has been for many years.

Mr. MACKENZIE KING: It is the change of a word, but in principle it is a tremendous change.

Mr. GUTHRIE: There is no change in principle at all that I can see.

Mr. MACKENZIE KING: The previous act required that these regulations should be passed by the governor in council. Now it is proposed to allow the minister to make the regulations instead of the governor in council. Any regulations made by the minister himself are to become part of the law of the land. It is hard enough to-day to keep track of what the law is as respects matters relating to the Department of National Revenue without leaving it in the power of the minister to make the law from day to day. The governor in council will be some check on regulations; if it is left to the Minister of National Revenue himself no one will know what the law is from hour to hour.

Mr. GUTHRIE: I would direct my right hon. friend to section 137 of the present act:

> All regulations made under this act, whether made by the governor in council or departmental—

The department could make regulations, and a breach of those regulations would render the person liable to a penalty.

Mr. STEWART (Edmonton): Quite so, but my hon. friend knows perfectly well that all regulations were subject to the scrutiny of the treasury board, and that later they were passed as a general order in council.

Mr. GUTHRIE: I do not think so.

Mr. STEWART (Edmonton): I have a very vivid recollection of it. Look at section 127, where drawbacks are involved. Here you are passing to the minister the power to carry on under his own supervision, without reference to anyone, the passing of regulations and the carrying out of those regulations.

Mr. MACKENZIE KING: I would add in further reply to the Minister of Justice that one has only to take the explanation given by the Minister of National Revenue as to what is being done by this section. In reply to my question the minister said the section was designed to take away from the governor in council and put in the hands of the minister the making of these regulations. That is what he said. I submit that this power should not be given to the minister, that it is not in the public interest to do so. I am sure if the minister has a chance to consider the matter more carefully with his colleagues, this power will not be taken away from the governor in council.

Mr. MATTHEWS: I am quite prepared to let this section stand.

Section stands.

Sections 127 and 128 stand.

Sections 129 to 139 inclusive agreed to.

On section 140—Excise duties on spirits.

Mr. MACKENZIE KING: Are these some new duties?

Mr. MATTHEWS: No.

Section agreed to.

Sections 141 to 154 inclusive agreed to.

On section 155—All spirits to be warehoused.

Mr. MACKENZIE KING: I notice that from here on there seem to be a number of instances where power apparently is again being taken away from the governor in council and given to the minister. Looking at section 155 it would seem to me that as respects the class of matters there referred to there might be justification for allowing the minister or the department to make the necessary regulations they seem to relate only to the business of the bonding of warehouses. Undoubtedly that is the sort of thing with which the governor in council should not be troubled, beyond approving the general course to be followed. On the other hand, in other sections of the act power is taken away from the governor in council and given to the minister and his officials to make regulations which may affect the revenues of the country. There I think great care should be taken to see whether this transfer of power is justified in the first instance. What I should like the minister to do if he will on these sections that transfer from the governor in council to the minister power to make regulations is just to direct the attention of the committee to those sections and give his reasons as to why it has been thought advisable to take power into his own hands instead of leaving it with the governor in council, as it has been in the past.

Mr. HACKETT: Under this section subsection 6 is the only clause granting that power.

Mr. MACKENZIE KING: I am not taking exception to section 155, but in regard to this section I should like the minister to indicate why he has taken power in the matter of making regulations for vatting, blending and so forth.

Mr. MATTHEWS: That is purely administrative and in my opinion the power should be given the minister to make these regulations.

Mr. MACKENZIE KING: The minister used the word "administrative" as though everything administrative should be in the hands of the minister. Administration is part of the duty of the governor in council as well as of individual ministers. The point I wish to make is that in the public interest it is wholly desirable that in most matters of administration all members of the cabinet should at least have knowledge of regulations that are being made, especially where they are likely to affect the public interest or several departments of government. That is particularly so with regard to matters which relate to revenue, duties, abatements of duty, and so forth, as well as to matters that may have a vital bearing upon policies, the tariff policy and the like. In every instance where the power to make regulations has been removed from the governor in council and given to the minister, the minister should justify the change which places this power in his own hands. We might let this section stand.

Section stands.

Section 156 stands.

Sections 157 and 158 agreed to.

On section 159—Bottling spirits in bond.

Mr. MACKENZIE KING: Stands.

Mr. HACKETT: Is not that section so much like subsection 6 of section 155 that it could be carried?

Mr. HANBURY: It was not carried.

Mr. HACKETT: Subsection 6 has been carried?

Mr. HANBURY: No.

Section 159 stands.

Section 160 agreed to.

Section 161 stands.

Sections 162 to 168 inclusive agreed to.

On section 169—Penalties of sale of spirits unlawfully manufactured.

Mr. MATTHEWS: An amendment will be proposed to section 169, and is made on the recommendation of the Deputy Minister of Justice, to make it clear, in case of any question arising, that a vehicle in or upon which is found illicit spirits or spirits illicitly removed from premises, subject to excise, is forfeited without regard to the circumstances of the removal or transportation in which the vehicle is engaged.

Mr. RHODES: At the request of my colleague I beg to move:

That section 169 of the bill to amend and consolidate the Excise Act be amended by striking therefrom the words "removing the same" in lines 43 and 44, and substituting therefor the following words "transporting the spirits so manufactured, imported or removed, or in or upon which the same are found."

Mr. MERCIER (St. Henri): I think there is another amendment to the section. I notice that in line 23 of section 169 the word "one" is underlined.

Mr. HACKETT: It used to be "two."

Mr. MATTHEWS: Yes, that is a reduction of the penalty from $200 to $100.

Amendment agreed to.

Section as amended agreed to.

Sections 170 and 171 agreed to.

On section 172—Amount of bond.

Mr. HANBURY: On two previous occasions the minister was asked as to the conditions of bonds. I wish he would place on record what changes there have been.

Mr. MATTHEWS: This section corresponds with section 194 of the existing act. The clause "in such sum as the minister may determine but in no case shall such sum be less than $2,000" is substituted for the words, "in the sum of two thousand dollars." as the basis for fixing the amount of security to be given by licensed brewers. In small breweries $2,000 is probably adequate but as the duty upon malt has been increased it is felt that perhaps in some cases larger bonds may be advisable, to secure the full amount of duty at stake.

Section agreed to.

Sections 173 and 174 agreed to.

On section 175—duties.

Mr. MACKENZIE KING: These are new duties are they?

Mr. HACKETT: Yes.

Section agreed to.

Sections 176 and 177 agreed to.

On section 178—Beer brewed for private use.

Mr. VENIOT: This seems to be a new section.

Mr. MACKENZIE KING: Yes, it is.

Mr. HACKETT: Arising out of the budget.

Mr. VENIOT: I understand that section 178 is entirely new.

Mr. MATTHEWS: Section 178 takes the place of section 195 in the existing act. It has been rewritten in the interest of clarity and to remove any possible doubt as to the fact that home brewing is a privilege which may be refused, suspended or revoked for cause.

Mr. MERCIER (St. Henri): Let us suppose that someone would like to brew some wine at his own home,—dandelion wine, for instance—would that come under the same provision? I am referring to wheat or bee wine.

Mr. MATTHEWS: This takes away no right of home brewing, but has to do only with the brewing of beer.

Mr. VENIOT: The home brewer, no matter what he brews, must have the consent of the collector; is that correct? The position ought to be made clear. For instance, if I wish to brew blueberry or dandelion wine or sarsaparilla, some very healthful preparations, have I to obtain consent?

Mr. MATTHEWS: There is nothing in the Excise Act providing for that.

Mr. VENIOT: But it is being enforced. People in my county are being imprisoned for making sarsaparilla. I know of an old lady of 78 years who was sent to prison for three months for such offence. The mounted police made the seizure, and there was alleged to be a violation of one of the federal acts; whether it was this one or some other, I do not know. Let me outline a case with which I am familiar, having to do with a woman who was making beer for the household.

Mr. HACKETT: Is that not under provincial legislation?

Mr. VENIOT: No, dominion. The mounted police came in and seized it. The young man of the house took the responsibility for the violation and was sent to prison for three months. I must say that I do not know whether the charge was laid under a federal or provincial statute; I must be fair in that regard. The reason a charge was laid was that no permission was given.

Mr. MATTHEWS: This section deals with beer. Anyone who wants to make home brew can give notice and receive a letter of consent from the collector.

Mr. VENIOT: That is what I want made clear. Once the notice is given, they are all right? Is the minister aware that the provincial authorities of New Brunswick, the liquor control board, will not recognize that permit?

Mr. MATTHEWS: I have no information on that.

Mr. VENIOT: Suppose the New Brunswick liquor board refuses to recognize that permit and prosecutes?

Mr. HACKETT: It is a case for the courts.

Mr. VENIOT: A provincial act cannot go contrary to the federal act.

Mr. BOTHWELL: Just on that last point, the provinces do say they do not recognize any permit given under this act for making

beer at home. I understand that in some of the provinces instructions have been given by the attorney general not to prosecute in cases where the permit or consent was given. Nevertheless they state that they are not bound by that consent.

I have another question to ask. The minister says that there is nothing in this act to prevent people making choke cherry wine or rhubarb wine or any of the ordinary home made wines in their homes, but a complaint has been made to me that a particular individual served time for having some choke cherry wine that he made at home. He was prosecuted under this Excise Act and sentenced and served his time. I cannot vouch for all the facts, but my informant is reliable and I have no doubt that those are the facts.

Mr. MATTHEWS: I have no information on that particular case. I do not know the name or the address or anything except the facts as given by the hon. gentleman.

Mr. BOTHWELL: May I ask if it is the intention of this act to stop that?

Mr. MATTHEWS: I shall be very glad to look into any case that is reported to me. So far as making choke cherry or dandelion wine is concerned, this act does not deal with that at all.

Mr. VENIOT: Is it allowed under this act?

Mr. MATTHEWS: This act does not touch it at all.

Mr. VENIOT: That is not the point. Is it allowed under this act? Suppose I do such a thing, am I liable to prosecution under this clause?

Mr. MATTHEWS: No, there is no prohibition whatever in this act of what the hon. gentleman has outlined.

Mr. GANONG: I think what happens is that a good many people get their permit in good faith, and after manufacturing the home brew or home made wine the provincial authorities step in and will not allow them to have it in their possession. A good many people have been fined in consequence. They think that the dominion permit gives them permission to have this wine.

Mr. VENIOT: My hon. friend has stated the case in a very concise way. That is just what is happening. I should like to have this matter straightened out. What is the use of a federal permit permitting the manufacture of home made wine if it is completely ignored by the provincial authorities? If a federal permit is given, the provincial authorities have no jurisdiction, but a good many people have got into trouble just the same.

Mr. HOWDEN: If the minister is not going to reply I should like to say a word about this matter. I happen to be a medical man; I have occasion to be in a great many homes in the district from which I come, and I know it is quite a general practice in the summertime to make choke cherry wine, rhubarb wine and many other wines. Now if that is an infraction of the criminal code, this is a very good place for us to learn about it. I think we should have an understanding here and now just where the responsibility rests in this matter, and whether it is an infraction of the federal law or an infraction of the provincial law or an infraction of any law at all to have this home made wine in your home. I should be very grateful if someone can give me some information on that point.

Mr. MATTHEWS: It certainly is not an infraction of this act. It may be an infraction of some provincial statute of which I have no knowledge.

Mr. VENIOT: A provincial statute cannot supersede the legislation of this parliament. The province can make laws governing the disposition, but not the manufacture.

Mr. MATTHEWS: I am not responsible, of course, for acts that are passed by the provinces, and I cannot accept that responsibility. All I say is that we are not imposing any restrictions whatever on the making of wines such as have been described.

Mr. MERCIER (St. Henri): The provincial officer comes along and seizes that rhubarb or choke cherry wine that has been made at home. The person who desires to make this home made brew applies to the nearest collector, giving notice in writing of his intention to brew, and receives from the collector a letter of consent. But the provincial officer comes along and the provincial law supersedes that permit given by the collector. The making of wine for family use should be put on the same footing in this act as home brew. I contend that the man who is brewing beer for his private use has a special privilege in this country under section 178, and the man who is making home made wine for family use should have the same privilege. He should not be condemned under the law and have to go to gaol.

Mr. HOWDEN: Is it necessary to get a permit from the federal authority in order to make home made choke cherry wine?

Mr. BURY: Has this section anything to do with choke cherry wine?

Mr. HOWDEN: What we want to know about are these wines that are made at home.

Mr. BURY: This section has to do with brewing beer. Where in the section does the hon. member find any reference at all to wine?

Mr. HOWDEN: The hon. member does not find any reference to wine in the section, but we are discussing wine because this is the proper time and place to get a statement from the minister on that question.

Mr. MATTHEWS: The only statement I can make is that we place no prohibition whatever on the manufacture of home made wine.

Mr. HOWDEN: That is all right.

Mr. COOTE: What constitutes beer under this act? Is there a definition in the act?

Mr. MATTHEWS: Yes, in section 4 on page 4.

Mr. COOTE: Is there a definition of wine?

Mr. MATTHEWS: This bill does not refer to wine and contains no definition of wine.

Section agreed to.

Section 179 agreed to.

Section 180 stands.

Sections 181 to 193 inclusive agreed to.

On section 194—Notice of intention to steep grain.

Mr. MACKENZIE KING: What is the significance of this section?

Mr. MATTHEWS: This section corresponds to sections 216 and 217 of the existing act. The provisions of the existing sections for 48 hours' notice of intention to steep in malthouses not within a city or town are omitted as unnecessary under modern malthouse practice.

Section agreed to.

On section 195—Duties on malt.

Mr. MACKENZIE KING: Are these new duties?

Mr. MATTHEWS: This corresponds to section 219 of the existing act. The rate as set out in the schedule is 6 cents per pound instead of 3 cents, the object of the increase being to absorb in the excise duty upon malt a gallonage tax on beer imposed by the Special War Revenue Act which, as previously stated, is to be repealed.

Section agreed to.

Sections 196 to 199 inclusive agreed to.

On section 200—Any other process of malting.

Mr. MACKENZIE KING: The commissioner is mentioned here. Who formerly performed the function? This provision seems to proceed on the theory that where the old act speaks of departmental regulations the new act specifies either an officer or the minister. Also it would appear that where the old act required regulations to be made by the governor in council this revision turns that power over to the minister. There may be exceptions, but broadly speaking that appears to be the principle.

Mr. MATTHEWS: The regulation—making power is vested in the minister as responsible head of the department and the commissioner, as administrative head, is responsible for the promulgation of the regulations.

Section agreed to.

Sections 201 to 215 inclusive agreed to.

Section 216 stands.

On section 217—Conditions of licence.

Mr. MACKENZIE KING: This seems to be a new section.

Mr. MATTHEWS: There is no essential change.

Section agreed to.

Sections 218 to 220 inclusive agreed to.

On section 221—To be paid.

Mr. MACKENZIE KING: This division with regard to duties of excise appears to be new. Are all these sections in conformity with the resolutions?

Mr. RHODES: Sections 222 and 223 arise out of the budget resolutions.

Section agreed to.

Sections 222 to 234 inclusive agreed to.

Section 235 stands.

On section 236—Generally.

Mr. MACKENZIE KING: I wish to call attention to 236 and then ask that it shall stand. It goes a step further than anything has gone hitherto in that it allows the minister to restrict the sale of goods. It seems as though the government had a policy not only

of limiting production but of restricting sale in as many directions as possible, at all events of putting that power into the hands of the governor in council and ministers of the crown. This bill in that regard is in keeping with some other measures we have had before us this session. For the first time in a bill respecting excise there is being taken away from parliament and placed in the hands of the minister of National Revenue the expressed power of restricting trade by restricting the sale of goods. This is a new feature, allowing the minister of his own discretion to restrict the sale of some goods. I do not care to how small a number or category of goods it may relate, the fact is that it gives the minister power to restrict sales and I object strongly to that power being placed in the hands of any minister or department.

Section stands.

Sections 237 to 241 inclusive agreed to.

On section 242—Duties of excise on manufactured tobacco.

Mr. MACKENZIE KING: Is there something new there?

Mr. MATTHEWS: There is no change there. The underlining relates to the duties having been put into the schedule rather than into the body of the bill.

Section agreed to.

Section 243 agreed to.

On section 244—Boxes of cigars to be marked.

Mr. MACKENZIE KING: There is something new there again, probably the inclusion of the words:

As is prescribed by departmental regulations.

That term is being used now in this provision for the first time. Perhaps in addition to what I said before, I should have gone on to say that where in existing legislation matters were general, they are now being made more specific. Formerly under some of the sections there have been departmental regulations, the matter being expressed simply as left to the department. It is now specified as being prescribed by departmental regulations.

Mr. MATTHEWS: I might point out to the leader of the opposition that the words underlined—

As is prescribed by departmental regulations.

—take the place of these words:

In such manner as is determined by the department.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: That bears out what I have just said. Under the old act certain matters were regulated by the department; such regulations were looked upon as departmental regulations. In this revision they are now referred to as regulations prescribed by the department. I think there is an improvement there.

Section agreed to.

Sections 245 to 252 inclusive agreed to.

On section 253—Re-working tobacco and cigars.

Mr. COOTE: Is clause 253 new or is there an old section dealing with that?

Mr. MATTHEWS: Clauses 253 and 254 correspond with sections 287 and 288 of the existing act. The only difference is that the wording has been slightly changed.

Section agreed to.

Sections 254 to 261 inclusive agreed to.

On section 262—Regulations—by minister.

Mr. MACKENZIE KING: This I think is the proper way of setting forth the powers of a minister to make regulations. Parliament itself defines the class of regulations which the minister should make. I do not think we should give power to a minister to make regulations which do not fall under one or another of the headings which definitely set forth the limits within which the minister's powers shall be exercised.

Mr. MERCIER (St. Henri): Clause 262 replaces section 304 which reads:

The governor in council may, subject to the provisions of this act, make such regulations—

Mr. MACKENZIE KING: Under the old act it was the governor in council.

Mr. MATTHEWS: Yes, the word "minister" should be underlined.

Mr. MACKENZIE KING: Yes; but what I said a minute ago still applies. If the minister is to be given any powers at all, they ought to be included under a similar clause as regulations specified in it; in addition to powers which parliament has given, he should not be given the right later on to make any regulations he pleases.

Mr. MERCIER (St. Henri): Stand.

Section stands.

Sections 263 to 283 inclusive agreed to.

On section 284—Licence for stemmers.

Mr. MERCIER (St. Henri): Is this a new clause?

Mr. MATTHEWS: Clauses 284, 285 and 286 correspond with section 329 of the existing act. It has been rewritten to conform to the other licensing sections of the act and to make it clear that the business of a stemmer includes "casing" which is a term well understood in the trade and is defined in clause 7, paragraph (a) of the bill.

Section agreed to.

Sections 285 to 303 inclusive agreed to.

On section 304—Unlawfully having or selling manufactured tobacco or cigars.

Mr. MERCIER (St. Henri): Is subclause 4 new?

Mr. MATTHEWS: Yes. If loose tobacco or cigarettes are distributed there is no means of determining whether the packages from which they are taken for distribution have been properly stamped.

Mr. VENIOT: What do you mean by "distribute" in subsection 4?

Mr. MATTHEWS: Given away.

Section agreed to.

Sections 305 to 320 inclusive agreed to.

On section 321—Commencement of act.

Mr. MACKENZIE KING: Is the minister in a position to give a guarantee that parliament will be prorogued by the first day of July? I shall be glad to have this section carry if he is perfectly sure that will be carried out.

Mr. MATTHEWS: The answer is no, I am not able to give a guarantee; but I am able to express the wish, in which I hope the right hon. gentleman concurs.

Mr. MACKENZIE KING: Perhaps the Prime Minister can give the guarantee, as he is just coming in.

We have before us, Mr. Prime Minister, a section which is to the effect that:

> This act shall come into force on the first day of July, 1934.

I was asking the Minister of National Revenue if he can give a guarantee that parliament will be prorogued by that date.

Mr. BENNETT: I think, Mr. Chairman, I can readily give a guarantee that the Royal assent will be given to the bill by that date. But with respect to whether or not we have risen, that is another thing altogether. Perhaps the leader of the opposition would give a guarantee in that regard. It always rests with the opposition.

Mr. MACKENZIE KING: I will guarantee to work with the Prime Minister to end the session speedily, if he will do so.

Section agreed to.

Mr. CHEVRIER: I do not want to delay the business, but before the bill carries, might I ask the minister with respect to section 304, subsection 4:

> It shall be deemed an offence under the last preceding subsection for anyone to distribute gratis tobacco or cigarettes for advertising purposes otherwise than in packages stamped as herein provided.

So that there may be no misunderstanding, will the minister say under what conditions that may be done?

Mr. MATTHEWS: If loose tobacco or cigarettes are distributed there is no means of determining whether the packages from which they have been taken have been properly stamped.

Mr. BENNETT: My colleague the Minister of Finance (Mr. Rhodes) has intimated to me that objection has been taken to some clauses that vest in the minister the power of making regulations, the breach of which involves imprisonment. That must be done by the governor in council. The objection taken will be met and amendments made accordingly.

Mr. MACKENZIE KING: Then we shall understand that the next time the bill comes up the minister will have amendments to his own act to carry that out?

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: Substituting "the governor in council" in all those sections where "the minister" now appears.

Progress reported.

FARM INDEBTEDNESS

MEASURE TO FACILITATE COMPROMISES BETWEEN FARMERS AND CREDITORS—OFFICIAL RECEIVERS—BOARDS OF REVIEW

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

> That it is expedient to bring in a measure to facilitate compromises and arrangements between farmers and their creditors, to provide for the appointment of official receivers, and for the establishment of provincial boards of review and their remuneration.

He said: I shall accommodate myself to the wishes of the party opposite as to whether or not I make a detailed explanation of this measure now or when the house has gone into

committee. Presumably it would be done better in committee, where questions can be asked and answers given.

The purpose of the bill and the complementary bill which is dealt with in the succeeding resolution is to meet a situation which is one of very grave import to the welfare of the country as a whole. The farming population has experienced great difficulties in meeting the obligations which they themselves have created. The purchasing power of the dollar having fallen to the extent to which it has, the difficulty of providing one dollar by the sale of commodities that have been reduced in value to say sixty cents, instead of the dollar that prevailed at the time the obligations were created has made the burden exceedingly onerous, as has been found in practically all countries of the world. I shall deal later with the extent of the mortgage indebtedness on the farms of Canada. It is sufficient for my present purpose to say that as far as we can ascertain from the census of 1931, together with other information available, it is estimated at about $726,000,000, that is in all the nine provinces. Especially in western Canada there has been difficulty in meeting the obligations for interest on the mortgages. I need hardly point out, what is in the knowledge of every member of this chamber, that loans have been made upon farms largely by (a) loan companies whose business is to deal in mortgages; (b) life insurance and other insurance corporations and companies; and (c) private individuals. Obviously the life insurance companies, having to reserve at a rate of interest that is less than four per cent, have perhaps not experienced the same difficulties by reason of the inability of farmers to pay the seven and eight per cent provided for by their mortgages if they could pay anything at all. With respect to the mortgage companies they have not loaned their own capital, but largely funds which they have borrowed. It is of course well known to all that the capital of the loan companies would not go very far in mortgage loans, and that they all obtain funds by the sale of debentures bearing various rates of interest, as I shall presently indicate, which funds they loan in various parts of the country. During the war when higher rates of interest prevailed—that is when it was more difficult to obtain money on debentures—loan companies issued debentures at a higher rate of interest than had theretofore prevailed. More recently, that is since the war, they issued debentures still bearing rather high rates of interest. It is a matter of knowledge to those who have read the annual reports of loan companies that many of them have issued debentures bearing a rate of five per cent per annum, and that they loan this money at rates of 6½ per cent to 8 per cent and more, it being estimated that owing to the losses that have been experienced by reason of climatic conditions the loans that average less than 7 per cent represent, shall we say, no profit to the loan companies.

Private individuals, of course, are able to make their own arrangements with respect to compromises and extensions of time under mortgages they have taken. Life insurance companies, for the reasons I have mentioned, having to deal with present and prospective profits payable by way of dividends to policy holders, are not in quite the same position; they have experienced great difficulties. Loan companies that themselves have interest to meet on the debentures they have issued also have a difficult position to face. Under these circumstances we called together representatives of the insurance companies and loan companies and discussed with them the problem in its many bearings to ascertain if something might be done by which we could afford some relief to those who had imposed upon themselves the burdens and obligations incident to mortgages. It was finally concluded that the suggestions made by the government, from the information which had been obtained, were sound.

The first suggestion was that we should endeavour to secure a cheap and speedy method by which a farmer in difficulty could provide some arrangement or composition with his creditors. It is a well known fact to members of the house engaged in business that under the common law no compromise could be made with a man by his creditors to pay less than one hundred cents on the dollar unless all creditors agreed. Hence it was that before any laws dealing with compositions or assignments were passed, either by provincial legislature or federal parliament, every creditor had to agree to what was called the deed of composition. Later the government of Sir Oliver Mowat, I think it was, in the province of Ontario passed an assignments act, the validity of which was challenged and ultimately determined by the privy council. The provisions of that act contemplated the realization of the assets of the debtor and the distribution of such assets, ratably and proportionately, amongst his creditors, be they many or few. But in upholding the validity of that statute the privy council also indicated that if the dominion occupied that field at any time under the

exclusive jurisdiction conferred upon this parliament to deal with bankruptcy and insolvency, thereupon the jurisdiction of the provinces would be ousted. Parliament has exercised its jurisdiction and has enacted a bankruptcy act. It therefore follows that the matter dealt with by the provincial legislatures is no longer within the legislative competence of the provincial legislatures and that the bankruptcy and insolvency act which we placed upon our statute books is the statute to which we must look in dealing with the problem of bankruptcy.

Bankruptcy proceedings have been regarded with some suspicion not only by the farmers themselves but also by those with whom the farmers deal, and the question of whether or not the general provisions of the Bankruptcy Act should apply is, of course, an open one. We do not propose, therefore, that the ordinary provisions of the Bankruptcy Act should apply but that for the present—hoping that it will not be for any long period—there should be appointed a special receiver rather than an official receiver such as we now have, whose duty it will be to assist in arriving at a composition, adjustment or settlement of the outstanding difficulties that confront the farmer. To do that we must keep in mind two things, first, that contracts that have arisen under a mortgage are matters within the jurisdiction, for contractual purposes, of the provinces under property and civil rights; secondly, that the exclusive jurisdiction of this parliament to deal with interest is conceded by all. We therefore propose that an earnest effort should be made to bring about a composition, arrangement or agreement between the creditors of the farmer and the farmer debtor. The result of that would be, having regard to his present assets, his capability to earn, the productivity of his farm and its location, that he could reasonably contemplate the possibility of commencing again if he knew how his debts were to be paid and the period of time over which he would make the payments.

The object, of course, is to keep the farmer on the farm; if possible to keep him cultivating the land upon which he has lived. In making the arrangement we contemplate, through the assistance of those who have loaned him money, it follows of course that we can go only a certain distance in determining how his security can be dealt with. Therefore in dealing with the problem of bankruptcy which thus arises for settlement, we propose that the secured creditor shall value his security and, if he determines that his security is worth eighty per cent of its face value, that he shall not assert a claim to recover a sum representing the difference between the value he has placed upon his security and the face value of such security. That we believe we have legislative power to do.

There then arises the case of the other creditors and when the other creditors have filed their claims—all of which is to be done in a simple and, shall I say, expeditious, informal and inexpensive way—then the settlement is open for final determination. If it is approved by the creditors and by the representative of the creditors in the person of the one who takes the place of the official receiver or assignee, it is confirmed by the court and the farmer begins once more to undertake to build his home, his fortune and his future. If, however, a deed of composition or adjustment appears impossible; if the parties are unable to determine whether or not the farmer may be able to meet his present obligations by payment of sixty or seventy cents on the dollar, or whatever the figure may be, we then propose to set up in each province a court of revision consisting of a judge of the court having jurisdiction over bankruptcy—in the western provinces a judge of the supreme court, in the province of Quebec a judge of the superior court and a judge of the supreme court in Ontario—and he, with the representative of the creditors and of the debtor—that is, one who always represents the debtors as well as the creditors—will consider the whole situation of each specific case, the conditions, the circumstances, the capability of the man to pay having regard to the location of his farm, the size of his family, their aptitude for farming operations, their general attitude towards cultivation of the soil and so on. Having considered all these problems the board of review make a proposal and, after due consideration, that proposal becomes the composition arrangement under which the farmer begins again the struggle for the future.

That, we believe—simple, inexpensive and informal—will bring about, we will say, renewed hope in the minds of those who, for reasons that need not be discussed now, have looked forward to the future with almost hopeless concern. But we have also jurisdiction to deal with another phase of it, as I mentioned a moment ago, namely questions arising out of interest. And so, as the result of experience in the past, we propose that where a mortgage is not repayable, that is where a mortgagor is not permitted to pay off by the terms of the mortgage, nevertheless he may be able by tendering the amount of the principal, together with interest to the

date of payment, and three months interest—if you desire to use that word—to obtain a discharge of his obligation. I can say from my own personal observations and experience that in many long term mortgages which were negotiated at high rates in days long since past, the inability of the mortgagor to pay his debt has been one of the most fruitful sources of present disaster; for in days when he was receiving large prices for his products he was certainly willing to pay off, but inasmuch as he could not pay unless by paying very great bonuses—and in most instances not at all—he did not bother to do so. But now, where he thinks he will be able to secure cheaper money we propose that he shall be able to pay off his mortgage if it bears a rate higher than seven per cent, and that on tendering the sum representing the principal with interest, as I have said, to a given date, and three months' bonus, the mortgagee shall be compelled to accept that money to discharge the mortgage, and if he does not do so, thereafter the rate will be only five per cent.

That is perhaps as far as we can go, because there is some grave constitutional doubt as to the right of a federal parliament to interfere with contracts solely within the jurisdiction of provincial legislatures, under the head of property and civil rights. But as I have indicated we believe we have power to legislate. Now, supplementary to the legislation which I have mentioned there is provided a Farm Loan Act, that is an amendment to the existing legislation which, while it has not been accepted by all the provinces, is in force in many of them. We propose to make some necessary administrative amendments which our experience has taught should be made, and further to authorize the loan of a somewhat larger sum than that provided for by the act, the limit being $7,500, and instead of fixing the amount of the mortgage at fifty per cent to provide for a lesser margin of safety and increase the amount of the mortgage to sixty per cent.

In addition to that it will be observed by many of those hon. members now listening to me that after we have done all these things it is quite obvious that the unfortunate insolvent might not then be in any position to go forward, because he would have no money with which to undertake his work. We therefore propose that the Farm Loan Board shall be authorized, by way of what would amount to a second mortgage, to advance a limited sum, which is mentioned in the act—and a matter which may be considered in committee—to enable a person to provide himself with seed, implements or whatever may be necessary to enable him once more to engage successfully in his vocation. And he may make a charge on his personal property, also, as additional security, if so desired.

Roughly, therefore, with the amendments proposed to the Farm Loan Act supplementing the provisions of the legislation which we suggest, we believe that we shall have provided at least some measure of relief to those who are the mainstay and the backbone of any country such as ours. We believe that this legislation, conceived as it is in a desire to assist those who from year to year in days gone by have produced new wealth amounting in all the provinces not to millions but to billions of dollars, will be a step towards keeping them upon the land, which is the first object we have in mind. We are trying to make conditions tolerable for those people who find themselves in financial difficulties, so that they may obtain a new start and remain upon their farms, rather than lose them through foreclosure proceedings, or become mere tenants of mortgagees who have foreclosed and taken possession. That is the principal object we have in mind, and we believe that the bill which will be founded on the resolution represents the exercise of our legislative jurisdiction so far as we may constitutionally exercise it, and that with the legislation which has been passed by the provinces and that which some expressed the desire hereafter to enact, we shall be able to do something to meet the difficulties of the agrarian, and make more tolerable his existence under present depressed conditions.

Right Hon. W. L. MACKENZIE KING (leader of the opposition): Mr. Speaker, I believe I can say that undoubtedly the purpose behind the legislation as outlined by the Prime Minister (Mr. Bennett) will meet with general approval. No one who has the slightest knowledge of conditions in farming communities can do other than appreciate the fact that large numbers of farmers have incurred liabilities in times quite different from the present, and under the prevailing conditions of the past three or four years have found it increasingly difficult to attempt to meet those liabilities. The result has been that the very hearts have been taken out of many men who have struggled to maintain themselves on the land, men who are among the main producers of our country. Any legislation coming within the competence of parliament which seeks to preserve the rights of all parties, and aims by reasonable methods of compromise to meet a situation which in some particulars has become intolerable will, I believe, speaking generally, commend itself to parliament.

I should say, however,—and I base this comment in part on what the Prime Minister himself has said—that I hope the legislation introduced will not be of a character to raise false expectations in the minds of those whose interests it is intended to serve. I am afraid there may be obstacles as to jurisdiction; in fact, the Prime Minister has himself hinted at that. Those obstacles may be formidable. It would be unfortunate indeed if by virtue of a measure now to be introduced farmers receive the impression that they are likely to obtain substantial relief, only to discover a little later on that, for reasons over which this parliament has no control, hopes have been raised which are false and can not ultimately be realized. If there is any criticism of the measure on that score I hope the government, and particularly those in whose interests the measure is being introduced, will not feel that such criticism is directed against the objects of the measure but rather that it is in the nature of an effort to avert any disappointment which might serve to make the last state worse than the first and which might be prevented if matters are gone into carefully at the present time.

I believe a measure of the scope indicated by the Prime Minister is almost certain to be involved and intricate, and I doubt if it would be wise to attempt to discuss it at length until we have the bill before us. I rise therefore only to say that I believe the general purpose of helping by legitimate means to relieve the financial embarrassment of farming communities will commend itself cordially to all parties in the house.

Mr. G. G. COOTE (Macleod): Mr. Speaker, I am very glad indeed that the government has at last seen fit to bring down some legislation to deal with this very difficult problem. It is a problem that has been facing us for two or three years, and the government I think would be the first to admit that the problem has been brought to the attention of this parliament on a great many occasions. I would not care to discuss the matter fully at this stage because I think the right time would be when we are in committee, and it may be that the major part of the discussion will have to be left until the bill is introduced.

It does seem to me that in view of the conditions existing in agriculture and the low prices which the farmers have received for their products for the last several years, the legislation proposed, so far as we can gather from the remarks of the Prime Minister (Mr. Bennett) does not go far enough to meet the existing situation. Might I point out to the house that the index number of prices for farm products generally, as published by the bureau of statistics stood around 100 in 1926, 1927, 1928 and 1929, and fell to 82 in 1930, to 56·3 in 1931, and in 1932 it seems to have averaged all the way from 52 down to as low as 42·7, at which point it stood in December, 1932. The last month which is quoted in the return I have here is May, 1933, when it had risen to 51·2. But that does not tell the worst part of the story; for a large number of our farmers are producing principally field crops and the index number for field crops fell in 1927 to 99, in 1928 to 92; in 1929 it was 93, and in 1930 it fell to 70; in 1931 it fell to 43 and in 1932 it fell as low as 33·6. The farmer was therefore in the position of attempting to carry on with a drop of 65 per cent in the price of his product. He was in a somewhat similar position to that of a man who had been receiving $1,000 a year and had his income cut to $336 per year. These conditions are responsible for the terrific burden of debt which is resting on our farmers. In many cases farm mortgages bearing interest at eight per cent are now in arrears for as much as four year's interest, and a great many of them for three years' interest. I know of some cases where the interest and taxes have been paid up to the end of 1932. I have one case here in which the interest and taxes have been paid in full up to the end of 1932, but the interest was not paid in 1933 principally because of a crop failure. There was a frost which froze the wheat in July of that year and there was very little grain to thresh on that farm. The company which has the mortgage, a life insurance company by the way, is insisting on the execution of a crop share lease by the owner of the farm which would give to the company one-half the crop delivered free of all expense to the company to apply on their claim for interest. That is an impossible condition for the owner to live up to, and yet I have letters here from the company to the owner in question insisting that this should be done.

That brings me to one point in respect to which I suggest to the Prime Minister that something should be done in connection with this legislation. Perhaps some change in the bill or some extension of it might be made providing for a reduction of interest rates on existing mortgages. The Prime Minister suggested that it was not clear that this parliament had the power to do that, but we have been told repeatedly by the provincial authorities that they have not the power, that it rests here. The power must rest either in one

parliament or in the other, and I think in view of the years of low prices which the farmers have endured it would be only fair for this parliament to include such a provision in the bill which is to be introduced.

It may be said that the loan companies are not responsible for the low price levels for farm products. That may be, but the farmers are not responsible either. They are the innocent victims. They have no way of protecting themselves against those low price levels. It is true that the provincial governments in many cases have passed legislation protecting the farmers against the loss of their homes through mortgage foreclosures. Sometimes that is called paternal legislation, legislation which has been objected to by banks and by loan companies, but what would be the condition if we had not had this protective legislation? If the protective legislation is to be lifted or withdrawn as a result of the legislation we are passing here, I think that this legislation should cover the cases I have referred to where the interest rates on farm mortgages are as high as eight per cent. It is going to be impossible in many cases for these people to get the amount of the mortgage to tender to the mortgage company so as to get a lower interest rate. I do not think they can get relief in that way. I do not see how it can be done, and therefore while we are attempting to deal with this debt problem we should deal with these cases. Some of these people have kept the interest paid up to date, but it has only been by the hardest kind of struggle, by enduring great privation, by lowering the standard of living of their own family and by doing without hired help and working very long hours. Are we going to leave them in a position where they will have to continue to do that, where they will be, I think it is only fair to say, at the mercy of the company, the loan company or the life insurance company that holds the mortgage? In view of those circumstances I think that before this legislation is passed some extension of it should be made to deal with that particular situation.

I would also like to point out one other matter to the Prime Minister.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. COOTE: When the house rose at six o'clock I was about to direct the attention of the government to the difference in the position of the farmer and the ordinary business man in connection with bankruptcy proceedings. This is the difference. For most business people, bankruptcy proceedings do not affect their homes; as a rule the business man's home is separate from his business property; whereas, in the case of the farmer, in almost every instance the mortgage covers his home as well as his farm land. I suggest therefore that any provision we make for extending to farmers the advantages of bankruptcy proceedings must take that fact into account.

A little pamphlet issued by the Department of Agriculture contains this statement:

> Canadian agriculture is essentially made up of farm homes. The common form of tenure is ownership, although this state is decreasing slightly at the expense of tenancy and part tenancy. Still in June, 1931, 586,299 farms or 84.4 per cent of the 728,664 farms in Canada were owned by their operators. Another 67,942 farmers (9.3 per cent) were part owners and part tenants. As a charge on the owned farms in June, 1931, stood mortgages to the amount of $677,564,100. The total farm mortgage debt of Canada at that time is estimated at about $726,000,000. This is not an excessive burden in normal times, but there is evident need for liquidation when farm revenues are so low and when farm products have such a small fraction of their usual purchasing power.

I quote now from a recent work published in the United States by Mead and Ostrolenk, dealing with the plight of American agriculture, and I quote this because it is applicable to Canada as well:

> Agriculture has continued its downward course until its products, still flooding in undiminished volume into saturated markets, are selling at the lowest prices in recorded history; until bankruptcy is an almost universal phenomenon; until farm wages have fallen to pre-Civil war levels; until the largest of American industries is prostrate.

Speaking generally, practically the same thing is true of Canadian agriculture. This is very well illustrated by figures I put on Hansard about six weeks ago, in which I showed that in Canada the net farm income was estimated by the bureau of statistics as about $600 per farm, and out of this there must be met interest charges, which we were discussing this afternoon, taxes and all other cash expenditures. That is really at the root of the farm problem.

One of our great farm problems is that of prices of farm commodities. I do not wish to delay the house at this stage because most of what we have to say can be better said when we are in committee; but I would point out in connection with the figures I gave this afternoon in regard to the index number of agricultural products, that for nine out of the last thirteen years farm products have sold at

a decided disadvantage in relation to the things which farmers have to buy. In December, 1932 the index number of farm products was 42·7 and the index number of field products, 33·6. The figure for retail prices and the cost of services which the farmer has to buy stood, on the other hand, at 80. Interest charge in most instances had not fallen at all but remained fixed, and in many cases it took three times as many products to pay the interest as it did in 1926. The farmer can pay interest and taxes only with his farm products and he has no way of monetizing those products at what he considers a proper level; he can only sell at prevailing prices. The discrepancy in the drop in these different items which I have specified explains the need for legislation such as this, and I can only say in conclusion that we shall have to wait until the bill is brought down to determine whether it is adequate to meet the situation. If it is not I trust that the government will be willing to consider suggestions for widening the scope of the proposed legislation.

Motion agreed to and the house went into committee, Mr. Smith (Cumberland) in the chair.

Mr. MERCIER (St. Henri): I listened carefully to the explanation of this resolution, and while I know that the resolution speaks for itself, I think the Prime Minister must be aware that the position of farmers in the province of Quebec is perhaps a little different from elsewhere. Most of them have invested money in the large cities. They have saved money and through their agents have loaned it on property in the cities, up to one, two, three or four thousand dollars, sometimes on second mortgage. The property has depreciated, and in most instances the second mortgage has been wiped out. The farmers in that province also own immovable property in the city, and you will find the real estate owner on a small scale with property valued at five or six thousand dollars. He cannot make both ends meet; he cannot pay his taxes, and receives practically none of his rent, even though this has been guaranteed by the city of Montreal and the provincial and federal governments.

This resolution is intended to help the agrarian. Is it not possible to provide in the bill when it comes down for some assistance to people in the cities, not only in Montreal but in the cities throughout Canada, who are trying to save their property? I am not speaking from any political motives when I say that in Montreal, just as in western Canada, the people to-day are being strangled by debts and taxation, and even those who have invested money in tenements in which they occupy one flat and rent the others, hoping to pay their taxes and improve their property, in addition to saving a little for themselves out of rent, find themselves on relief because they are obliged to wait for their cheques from the city. Those cheques have to be contributed to by the provincial and federal authorities, and the money which these people get from this source is fully needed to pay their taxes. Most of them have been obliged to ask the Montreal civic authorities for permission to pay their taxes in monthly instalments, $30, $40 a month and thus escape the sheriff's sale, and the civic authorities being in need of money are inclined to accept this. Industry and farming are the cornerstones of the nation, and while we are glad that the farmers will be helped by this legislation, the government should come to the assistance of those who own real estate in cities such as Montreal and help them to save their property which otherwise will surely go to ruin.

Mr. BENNETT: The circumstances to which the hon. gentleman alludes are not unknown to the government. The fact is that the small home owner in the cities of Canada has been very hardly hit. In his endeavour to make for himself a home he usually has acquired a lot and then built upon it a house, this being made possible by a mortgage to either a building society or a loan company. Now, with conditions as they are in the cities and with taxes increasing instead of decreasing, he has been unable to find profitable employment to enable him to pay the taxes or the interest on his obligation. The provinces, speaking through their legislatures, have taken steps to deal with one phase of this matter; in most provinces they have provided for a moratorium and no proceedings can be taken to enforce by way of foreclosure claims arising under the mortgages. That is not so in all the provinces, but it is practically true in them all. Over that we have no jurisdiction; that is solely a matter within the competence of the provincial legislature. They have the making of the statutes and limitations; they have the control of the courts; they have the right to determine whether the courts may be used for the purpose of foreclosure or otherwise, and in the exercise of that undoubted power practically all the provinces have gone a very long distance.

On the question of taxes there is nothing that I can usefully say beyond what the hon.

gentleman has just said. The only way in which the federal power could assist would be to advance the money to enable the taxes to be paid by the small home owner or to enable him to pay the interest. The control of the matter from a legislative standpoint rests entirely with the provincial legislatures. I should say that the difference between the agrarian and the urban dweller lies in the fact that we are endeavouring to maintain the agrarian upon his farm because he is adding new wealth to the nation. The conditions to which the hon. gentleman refers would not meet that test. On the other hand, in the United States where they had ample means, they did deal in part with this question; they have not dealt with it to the extent which some people would like. We have carefully considered the matter from many angles; we could not make it a part of this bill, but I really do not know any method by which, short of having the ability to produce money and make it available for that purpose, we could deal with the situation. That is the real fact about the matter as it stands at the moment. But the provinces have gone as far as they could to meet the difficulty to which the hon. gentleman has referred.

In view of the fact that the bill to be founded upon this resolution must be the subject matter of discussion, because as the resolution stands it would be very difficult to ask questions and obtain satisfactory answers to them, if the committee is of the will that I think it may be, we can pass the resolution, give first reading to the bill and distribute it so that between now and to-morrow ample opportunity may be afforded for consideration of its provisions. Of course I am ready to answer any questions that in the meantime may be asked on the resolution; but if hon. members refer to the subject matter of the bill, I believe we will accomplish more than by having a vague and general discussion about matters with which in some instances we cannot successfully deal. I am, however, entirely in the hands of the committee.

Mr. MACKENZIE KING: I agree with the Prime Minister as to the desirability of seeing the bill before we attempt a discussion of what may or may not be contained in its provisions. I question, however, whether we would be ready to go on with the bill to-morrow.

Mr. BENNETT: Quite so.

Mr. MACKENZIE KING: Without knowing what is in the bill to be founded on the resolution, I imagine it will prove to be more complex and involved than appears on the surface. There is one question I should like to ask the Prime Minister before the measure passes the resolutions stage. The latter part of the resolution reads:

> For the establishment of provincial boards of review and their remuneration.

Does that mean that the federal government intends to establish boards of provincial-wide scope and jurisdiction and to remunerate the officers of each board allowing the province to confer certain powers on the board, or will the boards get all their powers from the dominion?

Mr. BENNETT: We confer the powers. The board of review to be established is, as I said this afternoon, one composed of three persons: the representatives of the creditors and the debtor and a judge of the court having jurisdiction under the Bankruptcy Act. The powers conferred will be those conferred by this parliament. The jurisdiction of the board will be limited by the terms of the statute. The compensation which we will pay we hope will not be very heavy in view of the fact that one of the members of the board is a judge and the character of the work will not be too onerous, we think, if the measures taken to effect compromises and adjustments by the interested parties succeed as we believe they will, having regard to the expressed attitude of the representatives of those who have loaned their money and who in reality are nearly as greatly interested as the farmers themselves in seeing that the latter remain upon and cultivate their properties and thus continue in the communities in which they are living. The right hon. gentleman will probably be satisfied with the provisions in that regard. There is to be a board for each of the provinces but it may be necessary to have more than one board in a very large province, and if circumstances warrant this, there is provision for the creation of more than one board.

Mr. VENIOT: Many people built their houses under the federal housing act and under present depressed conditions they are not in a position to keep up their homes, pay taxes and so on. Of course I understand the act is administered through the provincial government and through it by the towns. The money is loaned by the federal government. I brought this question up a couple of years

ago. The province of New Brunswick gave a two year extension, but that does not seem to meet the situation. I know cases where houses have been built under the federal housing act and the parties have since lost them through not being in a position to comply with the conditions under which they received the loan. After having paid say $2,000 on a house worth $4,000 or $5,000, they find themselves ousted from it and the house sold to others for the difference between the amount paid and the cost, so that they are out $2,000. Could anything be done in such a matter?

Mr. BENNETT: The hon. member for Gloucester will agree that is a matter solely within the jurisdiction of the province and in regard to which we cannot exercise any jurisdiction.

Mr. VENIOT: The federal government could make representations.

Mr. BENNETT: When the provinces have made representations that they desire to grant more generous terms to their borrowers, the dominion has extended equally generous terms to them. That is my memory of what has been done so far.

Mr. VENIOT: I agree with that.

Mr. POULIOT: We have heard a lot about the national debt of Canada, federal, provincial and municipal, amounting to so many billions of dollars. The debt has been considered as a liability. But if it is a liability with regard to the debtor it is an asset for the creditor. During last summer I communicated with the provincial treasurers and secretaries of each province of Canada, and I received astounding answers, indicating that in seven provinces out of the nine it was impossible to get any idea of the total amount of mortgage debt within the province. The only actual answer I received was from the province of Ontario; I got a report from the superintendent of insurance which was far from complete, and I got a letter from the provincial secretary of Quebec saying that in 1929 the total amount of registered mortgages was nearly one billion dollars, for the one year only. Therefore the reports that are given by the bureau of statistics for the whole country are far from complete and must be wrong. It seems to me that before studying a matter of such importance the government should see to it that the house is supplied with all available information concerning the total amount of mortgages in each province, in order that those mortgages might become productive of national revenue to a certain extent—if not the mortgage itself at least a part of the interest thereon. I wonder if the government has any objection to seeing that that information is made available to the house.

Mr. BENNETT: At the last census an effort was made for the first time to ascertain the mortgage indebtedness of rural Canada. The total as returned and estimated as I shall presently indicate was $726,000,000. The direct returns indicated a total indebtedness of $671,776,000 on the owned farm lands of Canada, which represent $566,016,900 on 208,460 farms out of a total of 586,299 fully owned farms, and $105,759,600 or 34,390 out of 67,942 partly owned. I shall presently indicate what the difference is between owned and partly owned in the census figures. The final figure of total farm mortgage indebtedness was arrived at by adding to this figure that I have just given an estimate of the mortgage indebtedness on the rented portion of 67,942 partly owned farms and on 74,382 rented farms operated by tenants.

Three distinct classes were considered; (a) fully owned farms; (b) partly owned farms, that is in which the element of tenancy enters with respect to the property in question; and (c)—

Mr. STEWART (Edmonton): May I ask the Prime Minister if the definition of the first class, (a); means operated by the owner?

Mr. BENNETT: Yes, the whole property was owned by the operator. Lastly (c), farms operated by tenants.

The method by which the estimate was made with respect to those matters not covered by exact information is given by the bureau as follows:

> The census returns provide indebtedness figures for about 77 per cent of all Canadian farm land. The estimate of indebtedness on the remaining 23 per cent is arrived at by considering first the 36,000,000 acres in the partly owned, partly rented group, of which about 18½ million acres are owned and 17½ million rented.

That is the second class to which I alluded a moment ago.

> The census figures cover 107,000,000 acres of fully owned land, and the 18½ million acres of owned land in the partly owned, partly rented group, a total of 126,000,000 acres. It is therefore necessary to make an estimate for the 20,000,000 acres of fully rented land and the 17½ million acres of rented land in the partly

owned, partly rented group, a total of 37½ million acres. From this figure of 37½ million acres it is necessary first to deduct approximately over 7,000,000 acres held under grazing leases in the western provinces which cannot be mortgaged directly, leaving 30,000,000 acres for which estimates of indebtedness must be made.

Farm tenants, by definition, have no land, and usually their collateral and assets are so limited that borrowings are seldom large, but it is necessary to take into consideration that there are few outright cash sales of land, and the usual arrangement for a deferred payment whereby the owner retains title until a certain percentage, say half of the full amount, has been paid. The unpaid portion of the sale price is often treated as a private mortgage. It is known also that the mortgage indebtedness of farms in early years of ownership is high, and it is therefore assumed that it is high on tenant farms where the renter is working towards ownership.

On the basis of the foregoing it is estimated that the average indebtedness of rented land is one-third as high as that on owned land, since, therefore, the owned land has an average indebtedness of $5.343 an acre then the per acre indebtedness on 30,443,061 acres is $1.782 or $54,250,000, which added to the census figures of $671,776,600 makes a total of $726,026,500.

I mention that because it is the method by which the bureau arrived at the sum total of indebtedness on farm lands in Canada. Indicating as I have that 77 per cent of the information is derived from exact answers to questions contained in the census questionnaire, and that the other 23 per cent represents estimates arrived at by deducting the grazing land as not coming within the classification of farm lands for that purpose, and then using for the partly owned and partly tenanted lands the same basis as the 77 per cent figures give, you have a total of 30,443,061 acres with an indebtedness of $54,250,000 making as I say the total of $726,000,000. That is the method by which this conclusion is arrived at. I desire the hon. member who has just spoken (Mr. Pouliot) and the other members of this committee to realize that with respect to the 23 per cent it is an estimate and not derived from answers to questions contained in the census questionnaire.

It may be of interest to the committee, since the hon. gentleman has intimated that the committee might like to have this knowledge, and I can give it to them as readily now as at any other time, that the mortgage indebtedness per farm on the fully owned farms amounts to $965, and the per acre indebtedness to $5.28. Considering only the fully owned farms which have mortgage debts, that is 208,460 farms containing 44,702,898 acres, the mortgage indebtedness per farm is $2,715 and per acre $12.66. The mortgage indebtedness per farm on the owned portion of the partly owned, partly rented farms is $3,075. The higher figure per farm is due to greater acreage in these farms—530.3 compared with 182.8 in the case of owned farms.

I should like to say here something which possibly has escaped some of us, that is that the mortgage indebtedness in this country is moderate. The $726,000,000 that I have mentioned as farm indebtedness in this country is a much lower figure than was expected. The farms free from mortgages are more numerous than I think most of us had any idea, but there is a point which the hon. member for West Edmonton (Mr. Stewart) has just raised, as to the number of farms that are owned by those who have taken appropriate proceedings, by foreclosure or otherwise, to secure title, which are now in the possession of tenants; that is, insurance companies, loan companies and mortgage companies have taken possession of properties upon which they have foreclosed the mortgages, and therefore the properties, so far as the census return goes, stand as properties free from mortgages. That, of course, is a factor to be considered but, so far as the information of the bureau goes, it is not as large a factor as some people thought.

I have some figures which perhaps the committee would like to hear. At the end of March, 1931, there were 7,130,000 acres under grazing leases in the four western provinces. Without giving the odd numbers there were 101,400 acres in Manitoba, 3,355,440 in Saskatchewan, 3,208,300 in Alberta and 463,000 in British Columbia. This acreage has increased, and so far as our information goes at the end of March of last year it totalled almost 8,000,000 acres.

The highest mortgage farm debt in the country, of course, is in the province of Ontario; it is not only the highest absolutely but, by the usual tests applied, it is relatively the highest as well. Absolutely Prince Edward Island is lowest; relatively Nova Scotia and New Brunswick are lowest.

I do not know whether it would be the wish of the committee that I should give the information as to the acreage of owned lands in Canada, but as it has been suggested that it might be useful I will take time to do so.

Mr. HANBURY: Could the Prime Minister give it by provinces?

Mr. BENNETT: I am just about to do that:

	Fully owned (acres)	Partly owned and partly rented (acres)	Total (acreage owned)
Prince Edward Island	1,108,258	43,128	1,151,386
Nova Scotia	4,061,333	102,837	4,164,170
New Brunswick	3,849,881	129,527	3,979,408
Quebec	16,134,602	477,987	16,612,589
Ontario	18,554,741	1,328,028	19,882,769
Manitoba	9,272,776	1,644,350	10,917,126
Saskatchewan	30,289,620	8,936,852	39,226,472
Alberta	21,423,004	5,497,499	26,920,603
British Columbia	2,489,933	339,314	2,829,247
	107,184,148	18,499,622	125,683,770

There is a further division of the rented and owned lands. I do not know whether or not the committee would like that information, but I take it that in part the rented lands in the western provinces are those lands that have been foreclosed, and on which the former owner is a tenant. That is so in part, but not wholly, because those who come from western Canada realize that there are quite substantial quantities of land held by tenants on share payments, apart altogether from those areas in which the mortgages have been foreclosed and the farms taken over by the mortgagee and rented to the original mortgagor, sometimes under an agreement for sale or sometimes under an ordinary lease that provides that he may have the option of purchase with crop payments. If the committee is interested I will give the figures which we have had prepared as from the census. The total acreage of farm lands, according to the census classification, was 163,254,959 acres. The total acreage owned was 125,683,770 acres, and the total acreage rented was 37,571,189 acres. That is divided up into the farm areas, and then subdivided into the owned and rented totals. I have that by provinces, but presumably it is unnecessary to read it unless the committee desires to have that information.

Mr. HANBURY: I would suggest that if the Prime Minister has the information with regard to the mortgage indebtedness by provinces it would be very interesting.

Mr. BENNETT: These figures do not cover that.

Mr. SPENCER: Could we have those figures put on Hansard?

Mr. BENNETT: With the permission of the committee the table giving the subdivision by provinces may be placed on Hansard. The next table is the percentage of farm land owned and rented in Canada, by provinces. That partly answers the question suggested by one of the hon. members the other day, in dealing with another matter. In Prince Edward Island 96·7 per cent of all the lands are owned and only 3·3 per cent are rented. In Nova Scotia 96·8 per cent of the farm lands designated as such in the census are owned and 3·2 per cent rented. In New Brunswick 95·9 per cent of lands designated as farm lands are owned and 4·1 per cent are rented. In Quebec 95·2 per cent of lands thus designated are owned and 4·8 per cent are rented. In Ontario 87 per cent of lands thus designated are owned and 13 per cent are rented. In Manitoba, of the farm lands discovered as such $72\frac{1}{10}$ per cent are owned, and $27\frac{9}{10}$ per cent rented. In Saskatchewan $70\frac{5}{10}$ per cent are owned, and $29\frac{5}{10}$ per cent rented. In Alberta $69\frac{1}{10}$ per cent are owned, and $30\frac{9}{10}$ per cent rented. In British Columbia $79\frac{9}{10}$ per cent are owned, and $20\frac{1}{10}$ per cent rented, giving an average in Canada of 77 per cent owned and 23 per cent rented.

The hon. member for Vancouver-Burrard (Mr. Hanbury) has raised the question of relating the mortgage debt on the owned land farms to the total farm acreage, and expressing the result in farm indebtedness per acre. Ontario is far the highest with the figure of $8.75 per acre; Quebec is second with $5.53; British Columbia third with $4.29; Prince Edward Island fourth with $4.09. The older and more intensive agriculture of these provinces is typified by economy in the use of land. The low figures for Nova Scotia and New Brunswick are largely attributable to the low absolute figures of farm indebtedness. There is a great deal of part time farming in these provinces, the farms in many fishing, lumbering and mining districts being regarded as homes rather than income earning estab-

lishments, the future returns of which can be mortgaged. That is one difficulty in classifying farm lands. In the provinces down by the sea the owner or occupant of lands may carry on lumbering in the winter and fishing in the summer. The farm may be of small acreage; it is his home, he grows all his vegetables and sows a few acres in oats or barley so that he may feed his horses, cattle and pigs. He is classified for this purpose as a farmer, because he is essentially a farmer in the sense in which that term has been used for census purposes.

Mr. MACKENZIE KING: Do the figures relating to average farms owned mean the average number of actual farms or the average percentage of the acreage of all farm land?

Mr. BENNETT: I tried to explain that the figures I gave showed the percentage of farm lands as such rather than the number of farms. The census return shows the percentage of farm lands owned and rented in Canada, by provinces. Obviously it would not give the numbers of farms, because you would arrive at an entirely different percentage, especially in western Canada.

Mr. MERCIER (St. Henri): The Prime Minister has stated that the farms throughout Canada are mortgaged to the extent of about $726,000,000. Has he in his memorandum a figure showing the total valuation of Canadian farms?

Mr. BENNETT: I can give that information to the hon. member for St. Henri (Mr. Mercier) before I conclude. Perhaps, properly speaking, this subject may have some reference to the next resolution, but if the house will permit I will give the information now. The hon. member for St. Henri has asked what, according to the census return—which I desire the chamber to keep in mind covers 77 per cent of the land, the other 23 per cent being rented—the mortgage debt on all the owned farms in Canada amounts to. In Prince Edward Island it amounted to $4,866,700; in Nova Scotia it was $6,570,000; in New Brunswick, $6,485,400; in Quebec, $96,409,400; in Ontario, $199,755,100, in Manitoba, $59,223,400; in Saskatchewan, $175,770,300; in Alberta, $107,519,000; and in British Columbia, $15,177,200, making a total of $671,776,500 covering a total farm acreage which, as I said a moment ago, amounted to 163,254,959, or an indebtedness per acre of $4.11.

To many of the members of this committee these figures are familiar owing to what transpired in the special economic committee which sat last year. It may be tiresome to them—at least to some of them—and unless the house desires I shall try not to burden the record too much by going into detail. I have before me another table, giving the history of the indebtedness per acre of the total owned land in the country. Table 4 may be placed on Hansard. The average is $5.34.

Mortgage Indebtedness per Acre of the Total Owned Land
(Census, 1931)

Prince Edward Island	$ 4,866,700	$ 1,151,386	$ 4 24
Nova Scotia	6,570,000	4,164,170	1 58
New Brunswick	6,485,400	3,979,408	1 63
Quebec	96,409,400	16,612,589	5 80
Ontario	199,755,100	19,882,769	10 05
Manitoba	59,223,400	10,917,126	5 42
Saskatchewan	175,770,300	39,226,472	4 48
Alberta	107,519,000	26,920,603	3 09
British Columbia	15,177,200	2,829,247	5 36
Canada	$671,776,500	$125,683,770	$ 5 34

Mr. BEAUBIEN: Has the Prime Minister any information regarding mortgages on chattels?

Mr. BENNETT: No, I have not at the moment. I said a moment ago that that information is exceedingly difficult to obtain, and in answer to a question asked me a minute ago I should say that in the province of Quebec the figures were very large. It must be remembered that in the appropriate registry offices there are deposited trust deeds of corporations. Heavy mortgages, trust mortgages, covering issues of securities have been lodged, and when the figures were given by my hon. friend I could not but think that they included the trust mortgages of the various corporations, because otherwise they are at variance with the statement issued by the census enumerators.

Here is a table which I believe may interest the committee. It is a table to show the ratio of the mortgage debt to the total value of the farm property, and is given according to census figures of 1931. In the

aggregate the total value of farm property in Canada in 1931 was $5,247,753,468, and the mortgage debt on the owned farms, as I have said, was $671,776,500. The mortgage debt on the owned farms as a percentage of the total value of farm property was only 12·80 per cent. So if hon. members compare those figures with the figures of any other agrarian country I think there is not the same cause for complaint as some of our friends, not in this chamber, but elsewhere, would indicate. For instance, the highest figure is in Manitoba where 15¼ per cent is the value of mortgages with respect to the value of farm land, and the lowest level is in Nova Scotia, where it is 6 21/100 per cent.

Mr. STEWART (Edmonton): Based on the 1930 figures?

Mr. BENNETT: The 1931 figures. I am not unmindful of the fact that the shrinkage in value since 1931 has been very considerable. Nevertheless, assuming that the diminution in value of farm property would render, it worth only half what it was in 1931, we have a ratio of mortgages to farm values still at only 25 per cent which, having regard to the circumstances of this being a new country, is far more favourable than most people had expected the return would show.

While the returns, as I desire again to reiterate, do not deal with 100 per cent of the farms of the country, nevertheless with respect to 77 per cent the information was given in answer to inquiries. There are some interesting figures in table 6 which we have had prepared, showing the ratio of the mortgage debt to the value of the land, by provinces. The custom of loan companies has been to lend substantially 50 per cent of the trust value by way of first mortgage. In some instances the mortgage has been increased to 60 per cent. On the value of the farm lands, for instance, of Prince Edward Island, we have the total mortgage debt as a percentage of the value stated as 20·95, while in British Columbia the level is only 15 43/100. With the total value of farm lands in Canada standing at $2,710,358,000, there is a mortgage debt of $671,776,500, or a ratio of 24·79 between mortgage debt and value.

Mr. COOTE: What is the 1931 figure?

Mr. BENNETT: I have said that those are census figures. There is an element of doubt, resolved in this instance by an estimate based upon known factors and applying accepted principles to those factors, and on that principle we have arrived at a statement of the total indebtedness that I have indicated of $726,026,500. In deference to what has been suggested I shall place upon Hansard table No. 7, which gives the details by provinces.

Estimated Total Farm Mortgage Debt of Canada, by Provinces

Province	Indebtedness On Owned Farms (Census figures)	Estimated Indebtedness on Rented Farms	Total Farm Mortgage Indebtedness
	$	$	$
Prince Edward Island	4,866,700	59,700	4,926,400
Nova Scotia	6,570,000	78,100	6,648,100
New Brunswick	6,485,400	99,300	6,584,700
Quebec	96,409,400	1,712,100	98,121,500
Ontario	199,755,100	10,560,800	210,315,900
Manitoba	59,223,400	7,934,100	67,157,500
Saskatchewan	175,770,300	20,788,000	196,558,300
Alberta	107,519,000	12,542,100	120,061,100
British Columbia	15,177,200	475,800	15,653,000
Canada	671,776,500	54,250,000	726,026,500

The next table deals only with the total farm acreage and farm indebtedness per acre. Throughout the country, assuming the total indebtedness to be $726,026,500, and the total farm acreage to include, as I have said, partly rented and partly owned land, the average farm indebtedness per acre is only $4.45. The table follows:

Estimated Total Mortgage Indebtedness, Total Farm Acreage, and Farm Debt per Acre, by Provinces

Province	Estimated Total Mortgage Indebtedness	Total Farm Acreage	Farm Indebtedness per acre
	$		$
Prince Edward Island	4,926,400	1,191,202	4 14
Nova Scotia	6,648,100	4,302,031	1 55
New Brunswick	6,584,700	4,151,598	1 59
Quebec	98,121,500	17,445,089	5 62
Ontario	210,315,900	22,840,898	9 21
Manitoba	67,157,500	15,131,685	4 44
Saskatchewan	196,558,300	55,673,460	3 53
Alberta	120,061,100	38,977,457	3 08
British Columbia	15,653,000	3,541,541	4 42
Canada	726,026,500	163,254,959	4 45

Mr. DUFF: Is the Prime Minister including free land as well as mortgaged land?

Mr. BENNETT: I am dealing in that instance with the lands designated as farm lands, which include lands wholly owned by the occupying farmer and lands partly owned and partly rented, and the total indebtedness of farm lands so designated—it will be remembered that we designated lands as farm lands in the maritime provinces that possibly were very small in the way of farms, being in some cases only a few acres of clearing—averaged only $4.45 per acre. I shall see that these tables are placed on Hansard.

Mr. HOWDEN: Does that include wild lands?

Mr. BENNETT: No, I tried to make clear that grazing lands were segregated from other lands. There might be on some of a farmer's lands a certain area which was pasture land, or as the hon. member has suggested, possibly wild lands, but the designation for census purposes was the curtilage of the farm,—I think that is the word in the books. That is lands that were comprised in the farm that was spoken of as the man's farm. Sometimes it might be many thousands of acres, sometimes a few acres only. But that designation in the census figures of 1931 was taken, with the result I have just indicated.

Mr. MERCIER (St. Henri): Might I add to the remarks I previously made that there is considerable anxiety in the city of Montreal and elsewhere in the province of Quebec at the report appearing in yesterday's papers that after June 15 federal relief will be cut off? If that is the case, may I ask if the real estate owner will be secured for his land? I know that the matter is very complicated, but will something be done?

Mr. BENNETT: I am dealing with the farm lands situation. I can only say that the matter has been brought frequently to the attention of the government. It is a matter of the greatest difficulty in the western cities as well as in the city of Montreal, and if there is any remedy that can be discovered for the situation we shall be very glad indeed to adopt it.

Mr. SPEAKMAN: There was one point touched upon by the Prime Minister in his preliminary remarks when the resolution was before the house, and that was in respect to the application of the present Bankruptcy Act to farmers under the proposed legislation. I think the Prime Minister intimated that the full provisions of the Bankruptcy Act would not prevail for the present at least because of the long standing objection on the part of farmers to coming under its full terms. I did not understand, however, to what exent the farmer would continue to be exempt from the compulsory features of the Bankruptcy Act; that is those provisions under which the creditor may force the debtor against his will into bankruptcy. As the Prime Minister and no doubt the house know, under the present Bankruptcy Act a farmer cannot be forced into bankruptcy by a creditor but he may go

into bankruptcy voluntarily. This question was discussed to a very great extent in the committee which dealt with amendments to the Bankruptcy Act in a previous session, and at that time many representations were made by the farmers in support of maintaining their present position. I trust that in the forthcoming legislation the farmers will maintain that position of freedom from the compulsory features of the Bankruptcy Act.

I may point out something which again the Prime Minister is no doubt very familiar with, and that is that the various debt adjustment acts and other protective acts of the western provinces have been based upon the fact that the creditor cannot force the farmer into liquidation. Were that protection removed and did the farmer come under the full provisions of the Bankruptcy Act, it would at once nullify all of those debt adjustment acts and various other protective measures which have been passed by the several provinces. Personally I cannot see that it is necessary that they should come under the Bankruptcy Act, and I trust that when this legislation is before the committee, that fact will be made abundantly clear.

Mr. BENNETT: Obviously the terms of the proposed legislation are not subject to discussion, but I gather entirely the point which the hon. gentleman has made. I suppose he knows that the legal advisers of all the western provinces are aware of the doubtful validity of what are called the debt adjustment acts, but that of course does not touch in any sense the validity of the statutes that provide for the cessation of court proceedings, moratoria, and so forth. It does not touch those because their validity is admitted. But the matter of which the hon. gentleman speaks is dealt with in the bill, and I quite appreciate his point.

Mr. SPEAKMAN: I merely raised the point in order that the Prime Minister would have it in mind when the legislation is brought down. I also appreciate the fact that there has always been a question as to the validity of the debt adjustment acts under provincial jurisdiction in relation to the powers of the federal parliament with respect to the Bankruptcy Act.

Mr. NEILL: I would like to ask two questions, and if the Prime Minister has already answered one before six o'clock I am sorry. I refer for a moment to the buildings that were erected under the Housing Act. These undertakings took place right after the war when prices were at their very highest both as regards the inflated value of lands and houses and of the material with which to build houses. They were concurrent, so to speak, with the same conditions that obtained under the Soldier Settlement Act when soldiers bought land and stock at inflated prices. The government in their wisdom years afterwards saw fit to have a revaluation of those lands whereby the settlers obtained very substantial reductions running as high as fifty per cent in some cases. The interest was also rebated from time to time. A very large rebate was made to the soldier settlers, and those who came under the Housing Act felt that they had been unfairly treated inasmuch as the claims for consideration were met by the government only as regards farm lands and not as to houses for homes. The house owners got no rebate whatever because they were told that the money was loaned by the dominion to the provinces, and by the provinces to the municipalities, and that there was no responsibility on the dominion. As far as I know that is the position to-day. But I understood the Prime Minister to say that there had been, not adjustments perhaps, but consideration given in cases where the provinces had extended generosity—I think that was the word used—

Mr. BENNETT: Generous treatment.

Mr. NEILL: Yes, that in such cases the dominion had done the same by the provinces. I would like to ask in that connection, was it in regard merely to the extension of the ultimate debt, which would still remain a debt, or was there any rebate made of principal or interest as was done in the case of ths soldier settlers?

Mr. BENNETT: In reply to the hon. member for Comox-Alberni (Mr. Neill) I can only say that thus far, so far as my memory goes, there has been no rebate (a) of principal, or (b) of interest. All that has been done is to extend the time of payment to the same extent as the time for payment has been extended by the borrowing province to the borrowing builder.

Mr. NEILL: The only other question I wanted to ask is this: What is the minimum qualification, so to speak, to qualify as a farmer under this legislation? We generally think of farms as being 160 or 320 acres. But what about the little man with five or ten acres, a few cows, some poultry and garden produce? Will he qualify?

Mr. BENNETT: The hon. gentleman has raised a question to which I propose to ask the committee to give its best judgment. At

the moment in the bill the definition adopted is the definition that appears in the Bankruptcy Act, namely, one solely engaged in the tillage of the soil. Obviously that definition is not sufficiently comprehensive to meet cases that must be dealt with under this act, and the committee will perhaps be able to suggest a more comprehensive definition of "farmer." We propose at any rate to make it more comprehensive than it appears in the bill, but I adopted the language of the Bankruptcy Act for the purpose of discussion in the first instance.

Mr. SPENCER: May I refer for a moment to legislation passed about a year ago with regard to helping companies out of their difficulties. I understand that the legislation then passed enabled companies, if sixty per cent of their creditors agreed to take a certain rebate, to settle their liabilities and start over again without going through bankruptcy proceedings. Will the same system be followed in this legislation in relation to farmers?

Mr. BENNETT: This legislation has been delayed because the decision of the supreme court as to the validity of the legislation passed last year has not yet been handed down, but I thought that rather than delay it any longer I would introduce this bill, and it may be modified to some extent by the decision when it is given. I should think the court will hand down its decision to-morrow or the next day; that is my understanding. This bill does contemplate the application of somewhat the same principle, although there is the variation that there is an official whose business it is to assist the farmer with his creditors in arriving at an adjustment of his difficulties; and if there has been failure, as I indicated this afternoon, there will be, through the board set up in each province in the manner I have already indicated, a further opportunity to prepare a scheme of arrangement and compromise which it is believed will be acceptable to all parties concerned.

Mr. SPENCER: Which court is considering the question?

Mr. BENNETT: The Supreme Court of Canada.

Mr. COOTE: Might I ask the Prime Minister, in regard to the question I raised before six o'clock about the reduction of interest rates on existing mortgages, whether consideration was given to that question by the government in preparing this legislation, and whether it is not a fact that the committee which last year was inquiring into the question of debts and interest rates received advice from the attorneys general throughout Canada that the dominion government did have jurisdiction in connection with that matter.

Mr. BENNETT: The hon. gentleman is as familiar as I am with the terms of the advice given to the committee. There are still differences of opinion with respect to that matter. The government naturally has given much consideration to it, and in a section of the bill that will be based on the resolution there is provision for dealing with mortgages that carry a higher rate than seven per cent, and the method by which that rate may, if certain conditions are not observed, be reduced to five per cent. But to pass a retroactive confiscatory bill with respect to mortgages would, we thought, be more hurtful than beneficial to this country, and I think that on reflection the hon. gentleman will agree, when he sees the legislation, that we have gone as far as we can without placing ourselves in that position.

Mr. COOTE: Perhaps when we see the bill we shall find in it something which it is not possible to see at the moment, but there are a great many farmers now with mortgages at eight per cent. They are managing to keep that paid up by hook or by crook; I mean, they are in the last extremity to keep that eight per cent paid up. It is one of their ambitions to meet their obligations in the terms in which they were undertaken, and because of the increase in the purchasing power of money it would be, I submit, only just to these people who are paying interest at that rate, and it would not be working an injustice on the recipients of the interest, if the rate of interest were by law, from the date of the passing of the act, reduced to a lower level. The Prime Minister, I know, is familiar with the action taken in Australia where by law, rates of interest on mortgages were reduced by a certain percentage of the existing rate or down to five per cent, whichever was the greater. I do not see why we could not adopt the same principle here; there is such necessity for it. Many a farmer is in a difficult position, carrying a mortgage that may be considered the maximum which his farm will bear, and on which he has so far paid eight per cent and must continue to pay that rate unless he can make some arrangement under the new bill. He is competing perhaps with a neighbour who has bought a farm from a mortgage or loan company or from some private person who has obtained it under foreclosure or abandonment by a former owner, and he may have secured it at

a price which is no higher than the mortgage the other man is carrying; and in many instances he is paying only five per cent on the agreement of sale. The man who is endeavouring to maintain his old farm, keeping his mortgage in good standing, is at a disadvantage in competition with the other farmer who has bought an abandoned farm or one which has been secured under foreclosure. There is a very difficult situation there and it cannot be met except by legislation reducing the rate of interest. I am not going to press the point any further to-night, but I hope the government will give consideration to the question, unless it appears, when the bill comes down, that provision has been made to meet it. I trust the government will even be prepared to go so far as to amend the Interest Act to provide for a reduction in the rate of interest on existing obligations of that sort.

Mr. BENNETT: The legal question, neatly put, is this. The exclusive legislative power is vested in this parliament to deal with interest; the exclusive power to deal with property and civil rights is vested in each provincial legislature. This parliament therefore has the right to determine what constitutes the legal rate of interest, and may declare in proper terms that no greater rate than a named rate shall be recovered from any person. But the Interest Act as it stands has left it open for any person in this country to exercise his own free will and make any contract he pleases to pay any rate of interest he agrees to pay to his lender. That is the law at the moment. Should no provision be made as to the rate, then if any rate applies it is five per cent under our act.

Now the hon. member for Macleod must realize that once a contract has been made, and under an existing rate of interest which was legal within the statute passed by this parliament, the extent to which this parliament can interfere then with a contract involving property and civil rights is an altogether different matter. As I understand the hon. gentleman, he suggests that this parliament, in the exercise of its plenary powers, should pass a retroactive statute declaring that notwithstanding contracts that have been made, all interest shall be reduced under such contracts to a given rate per annum.

Mr. NEILL: In future.

Mr. BENNETT: No, he said, as I understand, that notwithstanding what the contract contained it should thereby be modified and it be declared that the rate instead of being the one fixed by the contract, should be a rate fixed by parliament.

Mr. NEILL: To be paid in future.

Mr. BENNETT: Yes; he said also: In respect to accumulated arrears of interest, but that was only secondary to the main part of his argument.

Mr. COOTE: I think I suggested only after the date of the passing of any act of this parliament.

Mr. BENNETT: That is, notwithstanding any contract that had been entered into heretofore providing for a rate of interest, after a given date the rate should be one fixed by this parliament. I see no reason why I should not tell the committee exactly what has taken place. I asked representatives of the loan companies, the insurance companies and the mortgage companies to come to Ottawa, and they very kindly did so. We discussed this situation at very great length and I will put their predicament to the committee in a single line. If we did that, they would be faced with bankruptcy. The reason is this: they have borrowed money on debentures for which they are paying the high rate of five per cent. As that money was borrowed largely from Scotland and the contract is there, if we reduced the rate to five per cent there would be a loss; if we reduced it to six per cent there would be a loss, for the average recovery of, I think, one of the largest insurance companies lending in western Canada was 4·83 per cent. I mention that because I approached this problem with an absolutely open mind and determined if I could to secure a concession from the companies that were lenders, indicating to them, in the words of Gladstone, that the forces of civilization were not yet exhausted against its enemies. But after I heard that one company had borrowed in Scotland $30,000,000 on debentures on which they were paying five per cent interest, and another had borrowed $29,000,000 on which they were paying five per cent, I confess I felt the provisions which we have inserted in the bill are about as far as we can go without deliberately putting into insolvency the institutions that are lending the money. One of the insurance companies produced its documents and I was amazed when I was shown that the average rate of recovery of interest, mark you, as the hon. member for Macleod (Mr. Coote) would say, was over a term of years only 4·83 per cent. That in itself was to me rather surprising.

Mr. HANBURY: Although they are paying five per cent.

Mr. BENNETT: No, this was one of the insurance companies. I am putting the case exactly as it was put to me, and I think the hon. member for Macleod, if he were sitting in my place, would hesitate to submit to parliament legislation that, retroactive in its character, would abrogate contracts and substitute for the will of the parties the supreme will of parliament as expressed by a majority in the house, with the result that institutions that had borrowed and given promises to pay in other lands, would be made insolvent.

Mr. COOTE: Of course the Prime Minister has some advantage over us in this connection in that he has discussed this matter with the companies that have lent the money, but unless there is a greater advance in the price of farm products than we can see at the moment, some of those companies are bound to take losses. That is inevitable; it simply cannot be avoided. What I am suggesting is not, I think, unreasonable; it is something many of the companies might have done voluntarily before this. I know companies that I am sure have not sold a debenture outside Canada, are still insisting on the eight per cent to the very letter of the law. I say again that what I am suggesting was done in Australia by law.

Mr. BENNETT: The situation there, as the hon. gentleman knows, is entirely different from that here.

Mr. COOTE: Australia, of course, may or may not be the proper example for us to follow. To come to the question which the Prime Minister raised as to where the jurisdiction lies, it must lie either in the province or in the dominion or jointly in the two to do this thing which seems to me to be so necessary. I am not, however, going to press the point further to-night. We will examine the legislation when it comes down, but if there is not some provision in it for dealing with eight per cent mortgages we shall simply have to urge the matter again upon the government. I suppose that is all we can do.

Mr. HANBURY: My understanding of the explanation given by the Prime Minister is that the very situation that the hon. member for Macleod (Mr. Coote) is bringing to the attention of the committee has been taken care of by the requirement that will force the mortgagee to accept the lower valuation, not only on his principal but also on the interest that has not been paid to date. If that is the condition, I think the legislation has already been made retroactive.

Mr. COOTE: That is only in connection with those who are actually insolvent to-day. There are still some farmers who are solvent; I mean they have kept the interest paid, but I do not see how they are going to pay it much longer, and for their sake, rather than have them drift into insolvency through a rate of eight per cent, parliament and the mortgage companies themselves would be well advised to consider the passing of legislation which would reduce that rate of interest. There are some companies which are willing to take action to-day, but they say, and very properly, that they cannot be expected to do so if their competitors will not. They say: We are in the life insurance business; we want to show as good a return as the other companies; we want to pay as good dividends to our policyholders; if our competitors are charging eight per cent, we must follow the same policy. I shall not labour the point any more; I believe the Prime Minister knows the situation and we will see what the legislation provides in respect to the matter. Unless it provides more than I understood from the Prime Minister's observations this afternoon, we shall have to urge at a later date that some action be taken to deal with the matter.

Mr. STEWART (Edmonton): I quite appreciate the situation the hon. member for Macleod (Mr. Coote) has brought to the attention of the committee, but having had some experience with soldier settlers on the land where a considerable number of them paid out in full I know there is no doubt there was discrimination against those individuals. Personally I prefer to wait until I see the bill before entering into a discussion of the matter, but if the bill provides machinery for the adjustment of present difficulties it will, I think, have met a want and will be appreciated.

I was going to say that the tables presented by the Prime Minister are intensely interesting, but of course they cover only farm mortgages, and I note from the wording of the resolution that the board to be set up will have authority to deal not only with the mortgage situation, the actual farm mortgages, but with other indebtedness of the farmer as well; therefore it is broader in its aspect than merely dealing with the mortgage situation.

Mr. BENNETT: That is so.

Mr. STEWART (Edmonton): Is it possible from statistics to have some tables prepared, even if they are merely estimates, of the indebtedness of this character, chattel mortgages and indebtedness of every sort? Because I take it that even agreements for sale that are in existence will hardly come under the category of the estimate the Prime Minister has presented in the table. There is a very large indebtedness which I suppose in the ordinary sense of the word we would call floating indebtedness that would be taken into consideration by the board. I presume it is impossible to obtain figures of these, but if they could be procured I should like to have them.

Mr. BENNETT: I think that the hon. member for Red Deer (Mr. Speakman) especially, will recall that last year a very determined effort was made to secure figures covering the indebtedness to which the hon. gentleman (Mr. Stewart, Edmonton) has referred. The difficulty of course is apparent at once; the amount owing to the grocer varies from time to time; the amount owing to the implement dealer varies. When this scheme of arrangement, this compromise plan, is being considered all these debts will be dealt with. But to form even an estimate of the indebtedness of the farm population of this country from time to time under all heads is something that I know from the results of the effort made last year is impossible. Is it not fair to say that no satisfactory estimate was arrived at of the total indebtedness of the farm population of the country? Is that not a fair way to put it?

Mr. SPEAKMAN: I think the Prime Minister has expressed it correctly. The committee explored every avenue in an endeavour to get even a fair estimate of the total debt outside of mortgages and chattel mortgages, of the multitude of debts owing to implement companies, lumber companies, oil companies and wholesale houses, to say nothing of retail stores. We found ourselves unable to arrive at anything more than a very loose estimate, nothing that we ventured to place on our record because it was based on so little actual information.

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 92, to facilitate compromises and arrangements between farmers and their creditors.

Motion agreed to and bill read the first time.

Mr. BENNETT: It is understood that we shall endeavour to afford the widest opportunity for considering the contents of the bill on second reading. The bill is printed in English and in French, and will be available for distribution to-night.

CANADIAN FARM LOAN ACT

PROVISION TO FACILITATE AND INCREASE EXTENSION OF CREDIT TO FARMERS

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Canadian Farm Loan Act (R.S.C., c. 66) to facilitate and increase the extension of credit to farmers, to authorize the Minister of Finance to purchase additional bonds issued by the board, and guaranteed by the government, and to provide for supplementary advances by the board.

Mr. HANBURY: Explain.

Mr. BENNETT: I endeavoured to indicate to the house this afternoon in a broad and general way that this bill is complementary to the bill dealing with the adjustment of farm indebtedness. In view of the fact that the bill deals with a number of amendments that have to be made in consequence of administrative experience, perhaps it is desirable now only to refer to the fact that the bill to be based upon the resolution contemplates the sale by the board of debentures to enable the business of the board to be carried on, so that it may meet the conditions to which reference has been made, namely the inability of those who pay off their long term mortgages to secure reasonably cheap money. The extent to which the debentures may be purchased by the government will purposely be left blank. That matter the house will deal with at the proper time.

I also indicated that the measure founded upon the resolution contemplates that additional advances to those already provided for in the provisions of the Canadian Farm Loan Act may be made, to enable a scheme of composition or arrangement to be carried into effect; and lastly that additional advances may be secured in provinces where there are chattel mortgages by a charge upon personal property, in order that the farmer who has entered into a scheme or arrangement with his creditors may have some small additional capital with which to commence the struggle back to prosperity.

Mr. H. E. SPENCER (Battle River): Has this resolution particular reference to the bill known as the farm loan act?

Mr. BENNETT: The Canadian Farm Loan Act.

Mr. SPENCER: I should like to draw the attention of the house to the fact that western Canada particularly hoped for great benefit from the coming into operation of that act. I think I would be supported by those who know anything about the matter in saying that never has a piece of legislation passed by this house been a greater disappointment. It was put through at a time when it could have done tremendous good if it had been well administered, because it would have made money available on mortgages running for a long term of years. But when it began to operate it was found that the regulations were more strict than those imposed by any banking institution or ordinary mortgage corporation, and the amount of loans made under it was infinitesimal compared with the original demands. In the various provinces a certain amount of money was advanced, but very little compared with the original demands. When the hard times came on it was found that the administrators acted in the carrying out of this particular legislation more harshly than any debt collectors we know in this dominion. I suppose I have had more correspondence with regard to the hardships incurred through borrowing under this act than in regard to any other matter. I mention this because if we are to have an act that will work there will have to be a great many alterations.

Mr. W. T. LUCAS (Camrose): I should like to endorse what the hon. member for Battle River (Mr. Spencer) has said. I have had a great deal of trouble in connection with borrowers under the farm loan act, and from my experience I must say that if I had to advise a farmer about getting a loan I would advise him to take it from a loan company rather than under the Canadian Farm Loan Act. Many of these borrowers have been put to a great deal of expense, and when they have complained to me or to other members it is difficult to get any satisfaction. I remember once going into the office at Edmonton in a very amiable mood and when I attempted to discuss the matter in a friendly way I was told that I had no business to interfere with it all. If the bill now being brought in contemplates larger loans I suggest to the Prime Minister that regulations be laid down to ensure that there shall be better administration of this act in the future.

Mr. STEWART (Edmonton): I should like to ask the Prime Minister if he has the figures as to the overdue interest on existing farm loans.

Mr. BENNETT: No; I thought we would deal with that in committee. I have no right to speak again except at the close of the debate, so I shall defer such observations as I propose to make on the moving of this resolution until other members have signified their intention to speak.

Mr. NEILL: I assume that the Prime Minister is going to deal with the remarks of the last speaker?

Mr. BENNETT: Yes. May I say that this afternoon the right hon. leader of the opposition (Mr. Mackenzie King) put his finger upon one of the difficulties that arise in connection with the introduction of any legislation of this character. When the farm loan act was introduced in this parliament the then Minister of Finance, who was a very cautious Scotsman, was extremely careful to provide for almost every contingency that would indicate the possibility of the loans not being repaid. The provinces assumed a large responsibility under that legislation, and when I have had occasion to complain—as I have, like other hon. members—I have been told that this is a matter solely within the jurisdiction of the provinces. Then when I endeavoured to secure some explanation from that quarter I was told that this is a matter entirely removed from politics, which must be dealt with solely upon its merits. The result is that it is one of the most convincing arguments that I have found in a long time as to the difficulty of creating a board, surrounded by the conditions that surround the Canadian farm loan board legislation.

Nevertheless the Dominion of Canada has advanced substantially $8,000,000 to this enterprise, and the loans have been made under appraisements controlled and directed by the provincial authorities under regulations enacted by the federal board. Each borrower has been compelled to invest a certain sum in the stock of the board, and the rate of interest at which he has borrowed has not been so very low as to induce him to believe that it is worth the effort he has made to invest in this very praiseworthy enterprise. The result is that he is very hesitant before he undertakes to invest his money in a certain amount of stock of the enterprise, because he pays six per cent for his money and he thinks possibly he would just as soon be a free man and pay seven per cent somewhere else.

There is one other point in that respect. The act provides, as will be remembered, for loans to an amount not exceeding fifty per

cent of the valuation, at a rate of six per cent. Obviously when interest rates are high the incongruity of the situation arises. What the hon. member for West Edmonton (Mr. Stewart) says is perfectly true; in the changing conditions of this country there are discriminations that arise by reason of the lapse of time of a single year. The man who pays all his debts as they come due sometimes finds himself very much worse off than the one who waits and waits and waits, and then has greater facilities and more opportunities to pay his obligations than he would otherwise.

In that regard I recall a story; I am not a good story teller, but this story is very apt. A distinguished gentleman who had a quarrel with another because of the interest he was paying wound up by shaking his fist very vigorously and saying, "You can say nothing to me; I always pay one hundred cents on the dollar." "Ah," the other replied, "that is where I have the better of you. I pay ninety per cent and take the benefit of the discount." Perhaps that illustrates the difficulties of the situation to which hon. gentlemen have referred. That was an actual happening that came under my observation when I was a very young man, and I then realized the value of discounts in business.

Be that as it may, however, I should like the house to realize that this resolution does not contemplate a change in the structure of the farm loan board, nor does it contemplate any substantial change in the method of administration. But if, during the progress of the discussion, it becomes apparent that it is the wish of hon. members that something of that sort should be done, we will endeavour, in the hot days of June, to meet their wishes to the best of our ability.

Motion agreed to and the house went into committee, Mr. MacDonald (Cape Breton South) in the chair.

Mr. COOTE: I should like to ask the Prime Minister a question. At what rate will the farm loan board be able to make loans?

Mr. BENNETT: There has been no change in that regard. I suppose the hon. member followed me a moment ago—

Mr. COOTE: I happened to be out of the house.

Mr. BENNETT: —when I said the present rate was six per cent, plus the purchase of stock.

Mr. HANSON (York-Sunbury): I should like to ask if there will be any change in the regulations under which loans are made. I have had a great deal of experience under this act, and my experience has been similar to that of other hon. members. At the present time an appraisement is made by an appraiser appointed by the provincial board. They lend up to fifty per cent on a conservative valuation of the land and twenty per cent on the improvements. My experience has been that it takes about six months to put through a loan, and by that time the farmer has lost all hope; he cannot wait. The valuation is so conservative; the appraisements are so reduced and the amount allowed for improvements is so small that I think it would have been far better if the legislation had never been passed.

I remember the circumstances under which this legislation was set up. The minister was a canny Scotsman. He did not want to enact this legislation; he held off as long as possible, and when he did put it through I think the experience of all hon. members proves that it was of little or no benefit to those whom it was intended to help. I think we might as well wipe it off our statute books.

Mr. SPEAKMAN: There is just one other point, which might be clarified if not in the law at least in the administration. I think my experience has been the same as that of other hon. members; when a situation was brought to our attention which appeared to us to savour of injustice, we took it up with the provincial board. We were informed that the act had been perpetrated under federal authority, over which the province and the provincial board had no control. Then, when we took it up with the federal board, we were informed that it came entirely under provincial administration, and I have seldom seen a more successful exhibition of passing the buck than has been exhibited by those two branches of the administration of this act. I trust that this may be clarified, if not in the act itself then in the regulations or in the method of administration, so that we will know whom we are to hit.

Mr. BENNETT: When the bill based upon this resolution is before the house I shall supply the hon. member for West Edmonton (Mr. Stewart) with the details of interest arrears and produce copies of the regulations. We will carefully consider the bill in committee of the whole house, and if hon. members have amendments to suggest which will improve the situation, if they will bring them

forward when the bill is in committee we can take some time to consider whether or not they can be incorporated in the measure in order to make it more effective; for I do fully appreciate the difficulties to which hon. gentlemen have referred, having experienced them myself.

Mr. NEILL: If no one else will come to the rescue of the memory of the canny Scot I think I should like to say a word in support of this much abused measure. The hon. member for York-Sunbury (Mr. Hanson) was correct when he said they lend up to fifty per cent of the valuation, but he did not go far enough. The trouble is that usually they do not lend up to fifty per cent. That is their limit. If they always lent up to fifty per cent it would be easier. But to say that the act has been a total failure is hardly borne out by the very large sum that the Prime Minister has mentioned as having been lent. The fact that they were not after all too cheese-paring in their policy is indicated in the fact that he talks about arrears of interest still being overdue.

Mr. BENNETT: Very substantially.

Mr. NEILL: Substantial arrears, he says. I have myself complained of their being too narrow, and not lending enough, but it would appear that conditions somewhat justified that act. The original rate is six per cent, or whatever may be the sum at which they sell the bonds.

Mr. BENNETT: It has a relation to the sale of the bond issue.

Mr. NEILL: And then there is another charge of two or two and one-half per cent for amortization. I know of more than one case where farmers borrowed money from private sources at 8 per cent, and after having it five or ten years the whole amount would be demanded back, and if times were bad they were lucky if they could get it renewed. At any rate, at the end of twenty-five years they still owed the whole of the money and would be paying eight per cent, but under this plan they paid eight and one-half per cent and at the end of twenty-five years they did not owe anything. It was a substantial advantage to the farmer. I never knew anyone who was fortunate enough to get a loan who had any complaint about the way he was treated. I know of specific cases where the change was from eight per cent under private hands to eight and one-half per cent under the government, with this difference, that in the case of the private man the mortgagor still owed the amount at the end of the period, but in the case of the government it was in the course of twenty-five or thirty years wiped out. I hope the government has no intention of doing away with it, and while it has been unpopular because they have been so particular in carrying it out, yet I believe it has done substantial and good work.

Mr. STEWART (Edmonton): I think a word should be said with respect to the farm loan act, because it was one which for a long time was under consideration by the previous government. It was not only the then Minister of Finance who was careful; another official of the government was quite as careful as the then Minister of Finance. The deliberations ran over a considerable period of time, and that is why I am intensely interested to know, after the criticisms I have heard, how the interest payments are standing up. The experience of governments generally—and I know something about the matter of loans—is that it is the easiest thing in the world to lend money, but it is the most difficult thing in the world to get it back. That has been the experience of the province of Alberta for the past twenty-five years. Times were much better in the days when this act was put upon the statute book than they are to-day. I shall be much interested to know how interest payments are coming in under the loan act now being criticized because of its rather onerous provisions. If interest is paid it is evidence, of course, that it might be loosened up, but if interest is not paid I do not know what I shall have to say about it.

Mr. COOTE: I think if the books of any loan company were examined it would be found that a great deal of interest on farm mortgages is in arrears. It cannot help being that way. Conditions are such that the farmers as a class cannot keep their interest paid up. While I am on my feet I should like to say that, as a whole, the farm loan board has certainly never over-extended itself, because the amount of money it has lent in Canada is only a trifle over one per cent of the amount outstanding in Canada on farm mortgages. It would seem, therefore, that the farm loan board has been careful, if nothing else.

Mr. SPENCER: When we examine the costs of administration of the act we will find them pretty high. Needless to say, it is easy to understand that costs mount up because of inspection carried on before making loans.

Mr. HANSON (York-Sunbury): That is all paid by the borrower. He has to put up a ten dollar bill before they will look at it.

Mr. SPENCER: But even the ten dollars does not pay all the expenses incurred by inspectors. I am told by one of the best inspectors that if he had been absolutely accurate in having forms filled out he could never have recommended a loan, so extreme were they in their demands. As we have lent very little under the act and the administration has been going on, it stands to reason that on a per capita basis the expense has been very high.

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 93, to amend the Canadian Farm Loan Act.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall the said bill be read a second time?

Mr. BENNETT: Next sitting. The bill is printed and will be distributed at once. Ample opportunity will be afforded for consideration of its provisions.

Mr. STEWART (Edmonton): May I suggest that we should have at least two days on both these bills?

THE KING'S BIRTHDAY

Right Hon. R. B. BENNETT (Prime Minister): This, Mr. Speaker, is the sixty-ninth anniversary of the birth of His Majesty the King. We are sitting, because it has been the practice of parliaments from time immemorial to discharge public business on all days in which it is necessary so to sit. But in view of the amount of business disposed of to-day I propose shortly to move that the house do now adjourn. In doing so I am sure I express the wish of every hon. member in the chamber that His Gracious Majesty may long be spared under Providence to rule over an united empire, and that his realm may be the home of a happy, prosperous and contented people. I am sure that is the heartful sentiment and prayer of all those who constitute this Commons House of the Canadian parliament.

On motion of Mr. Bennett the house adjourned at 9.50 p.m.

Tuesday, June 5, 1934

The house met at three o'clock.

RAILWAYS AND SHIPPING

First report of the select standing committee on railways and shipping owned, operated and controlled by the government. —Mr. Chaplin.

OIL REFINING INDUSTRY

On the orders of the day:

Mr. A. M. CARMICHAEL (Kindersley): I would like to direct a question to the Minister of Trade and Commerce. I have received several communications from cooperative associations in my constituency and also one from a municipal council, all having to do with an alleged monopoly in the oil refining industry. Is it the intention of the price spread and mass buying committee to inquire into this alleged monopoly with the undue profits and prices arising therefrom?

Hon. H. H. STEVENS (Minister of Trade and Commerce): I believe it is impossible for me to give a complete answer to my hon. friend. I can merely say that the committee at the moment is simply overwhelmed with matters already in hand and the anticipated early ending of the session may make it impossible for us to complete our studies of several subjects which are of considerable importance and in which great public interest has been taken. All I can say is that I have received a number of communications similar to that indicated and the whole matter is under consideration, but there are physical limitations to what the committee can do.

AUSTRALIAN WHEAT AND FLOUR

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): I have a question I desire to ask of the Minister of Trade and Commerce in connection with the importation of Australian wheat and flour. I understand some shipments of Australian flour have already arrived in eastern Canada and further orders have been placed for future shipments. I am not so sure that any wheat has come in yet but my question takes in both wheat and flour. I have had several communications from certain people in my constituency in regard to the flour and I am told that if the Ontario millers have to meet the competition of the Australian flour, something rather disastrous will happen to the farmers of Ontario. The millers are now paying from ninety-five cents to one dollar a

bushel. My information is that if the millers have to meet the competition of the Australian flour they will not be able to pay—

Some hon. MEMBERS: Question.

Mr. SANDERSON: I want to say that I gave notice to the minister of my question and I am putting it so that he can answer it.

Mr. SPEAKER: Having given notice, the hon. member can make his question a little more brief. He is making a speech.

Mr. SANDERSON: I do not think the minister has any objection to the way in which I am putting my question.

Some hon. MEMBERS: Question.

Mr. SANDERSON: With all due deference to Your Honour, it appears to me that you should keep order on the other side of the house when I am asking a question.

Mr. SPEAKER: The hon. member is out of order now, and I would ask him to confine himself to the rules.

Mr. SANDERSON: I have always complied with the rules. My question to the minister is this: In regard to Australian flour coming in at its present price and the competition it will give to the Ontario millers, is he conversant with what is taking place, what action will he take and has he the matter under consideration?

Hon. H. H. STEVENS (Minister of Trade and Commerce): The whole subject to which the hon. member has referred is quite familiar to me, the department, and I may say, the government. Quite adequate and I think satisfactory steps are being taken to meet the situation. I feel it would be inadvisable at the moment to enter into any detailed reply.

UNEMPLOYMENT RELIEF

REPORTED INTENTION TO END RELIEF ON JUNE 15

On the orders of the day:

Mr. HUMPHREY MITCHELL (East Hamilton): In certain Ottawa papers there is a news dispatch of June 1 stating that the federal government intends to end relief on June 15. I would like to ask the Minister of Labour (Mr. Gordon) whether he is prepared to give the house a definite statement in connection with the matter in view of the very serious conditions still existing in many communities throughout the dominion. For instance, in my own city we still have around 7,000 families on relief, and they are quite concerned about the telegraphic dispatch from the minister in connection with the matter.

[Mr. Sanderson.]

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, the agreement under which contributions were made by the federal government to the provinces of Canada to assist them in providing direct relief and other employment came to an end according to its terms on the 31st day of March last. This government advised the various provinces at that time that we would continue to make contributions for direct relief where it seemed that the provinces had an acute situation, that the need was great, and the provinces concerned, with their municipalities, were unable to cope with it. We said we would continue it until the end of May; expressing the hope, of course, that with improved conditions direct relief could soon be abandoned. There are many places in Canada, I am sure hon. members will be pleased to know, where assistance by direct relief has now been found not to be necessary.

Following up the first message to the provinces a further extension of dominion contribution was intimated, to carry forward to the 15th of this month. Perhaps there will be places in Canada where, by reason of exceptional circumstances, special consideration will have to be given by way of assistance, but at the same time there is no doubt that the pressure with respect to contributions to direct relief is diminishing in a very satisfactory manner. The intimation given to the provinces as to its discontinuance was founded upon information supplied to the Department of Labour, and on a review of the position of the various provinces with respect to their ability to take care of what direct relief was necessary during the coming summer.

I do not know that I can add anything further to what I have said, but I feel quite hopeful that during the summer months at least we shall find that in the majority of places throughout the dominion direct relief can be abandoned in view of the revival of activity in the building and other trades. However, the situation will be constantly under review by myself and the government, and if it appears that assistance is necessary it will be given very serious consideration.

CONTRIBUTION TO QUEBEC ROAD FUNDS

On the orders of the day:

Mr. J. L. BARIBEAU (Champlain): Mr. Speaker, I should like to ask a question of the Minister of Labour (Mr. Gordon). In Le Canada of Montreal in its edition of the 21st of May, it is reported that the hon. Mr. Arcand, Minister of Labour of the provincial

government of Quebec, speaking at Grand'-Mère on the 20th of May declared as follows:

(Translation)

Our province does not receive from the Dominion government what it is entitled to. Thus Ontario was granted $10,000,000 to build highways, while Quebec has only received $350,000. If it were fair to help the neighbouring province—

Mr. SPEAKER: Order.

Mr. BARIBEAU:

—our province also should have been granted, on that occasion, $8,000,000.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. If the hon. member has a question to address to the government or a member of the government he should do so.

Mr. BARIBEAU: My question is: Is the above statement made by Mr. Arcand in accordance with the facts?

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, probably the question would not be difficult to answer, but in order that there may be no doubt about it I would like it to stand until to-morrow.

FOREST FIRE SUFFERERS

On the orders of the day:

Mr. J. E. MICHAUD (Restigouche-Madawaska): I wish to call the attention of the government to the fact that in the county of Restigouche, province of New Brunswick, the village of Oliver has been destroyed by the recent forest fire, and at the present time there are over three hundred persons living in the open without shelter. At the present time they are supported by the provincial and municipal authorities exclusively. My question is whether it is possible for this government to come to the relief of these people under the Relief Act, because everything they had in the world has been destroyed. They have nothing. They were new settlers, on ungranted land, and have lost all they had. I think they would be proper subjects for relief under the Relief Act.

Hon. W. A. GORDON (Minister of Labour): The situation described by the hon. member is known to the Department of Labour. The provincial government of New Brunswick have taken steps and are making adequate arrangements to take care of the people who have suffered by reason of the incident referred to. The premier of New Brunswick is in the city to-day and had a conference with myself and probably other members of this government. There should be little difficulty in taking care of the people who have suffered by reason of these fires.

PRIVILEGE—MR. McINTOSH

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, I rise to a question of privilege and explanation. I find on page 3623 of Hansard of yesterday, June 4, the following statement by the hon. member for Melfort, the Minister of Agriculture:

Hon. Robert Weir (Minister of Agriculture): Mr. Speaker, I rise to a question of privilege. In this connection I regret that the hon. member for North Battleford (Mr. McIntosh) is not in his seat but I feel I cannot delay the matter. It is reported on page 3900 of unrevised Hansard of Friday, June 1, 1934, that the hon. member for North Battleford stated as follows:

Last year the minister contended that the Anglo-Saxons were the only people in the north; he suggested that the Mennonites, the French, the Belgians, the Scotch and the Welsh and others were not people, but merely political cattle.

I was listening very closely to the hon. member for North Battleford and I did not hear him use the words "but merely political cattle." I asked some of my colleagues if they had heard these words used and they stated definitely that they had not.

On checking up the typewritten copy of Hansard I found that the words "but merely political cattle" had been written in with red pencil, and that there had been a period after the word "people." Upon inquiring of the staff of Hansard I was informed that the words were not in the reporter's notes and the reason they were inserted was that the hon. member for North Battleford instructed Mr. Young, associate editor of debates, that he had used these words and insisted that they be inserted.

That is the first question of privilege to which I should like to refer, and I should like to take the matter step by step. Yesterday the hon. member for Melfort (Mr. Weir) regretted that I was not in my seat. I am very pleased to be in my seat to-day; in fact I am delighted to be here to answer the minister. In the second place the hon. member for Melfort takes the words "but merely political cattle" and says that though he was listening closely he did not hear me use those words. That is no proof that I did not use them. Further he says that his colleagues

were listening closely and they did not hear the words, but that is no proof either. Actually that makes it worse than ever, because the disorder and the din in the house were of such a nature that words really could not be heard.

Then may I go a little further. The minister went on to say that I insisted to Mr. Young, the associate editor, that those words should be put in Hansard. I did not do any insisting; I merely requested to have the words I used put in Hansard, because I concluded that if a member uses certain words while speaking in a national assembly and those words are not reported, on his honour he should state that they were used and, by having them inserted in Hansard, have the speech as a whole given to parliament and the country. I used those words; that is why they are in Hansard. I did not insist upon Mr. Young making any change; I simply requested him to make the change, saying that I used the words and I would back them up.

Now I come to the next point. I notice that Your Honour made an intimation or statement to the house suggesting that the matter should be brought before the standing committee on the official report of debates. The right hon. Prime Minister (Mr. Bennett) also became very much concerned about the matter and added to your suggestion by making the statement that perhaps it might be wise to have the committee on privileges and elections consider the matter. Well, Mr. Speaker, I am quite prepared to go before any standing committee of the House of Commons and back up the words I used in this assembly, but I want to say something further. If that is done I want the hon. member for Melfort brought before the same committee; I want him examined and reported upon with regard to the words he put into Hansard last year, which he did not use. We can prove it on this side of the house.

Mr. WEIR (Melfort): On a point of order, Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. McINTOSH: Let me finish my statement. This is a question of privilege. Kindly restrain yourself for a little while.

Mr. SPEAKER: During the remarks of the hon. member for North Battleford (Mr. McIntosh) the Minister of Agriculture (Mr. Weir) raises a point of order, which he has a right to do.

[Mr. McIntosh.]

Mr. WEIR (Melfort): I must insist that the hon. member withdraw his statement, that I inserted words in Hansard that I did not say. I take objection; I ask that the hon. member withdraw that statement.

Mr. McINTOSH: That is the charge the minister makes against me—

Some hon. MEMBERS: Withdraw.

Mr. McINTOSH: —and it is not true, but the charge I am making against him can be proved to be true.

Mr. WEIR (Melfort): I rise to a point of order, Mr. Speaker. I did not make the statement that the hon. member for North Battleford did not say the words that appeared in Hansard, "but merely political cattle." What I did say was that I did not hear him say those words, and that if I had heard him I would have asked that they be withdrawn immediately. Having satisfied myself that it was through no fault of mine that I did not hear him, because of the insulting nature of the words I simply requested that they be deleted from Hansard. I did not state that the hon. member had not used the words. I must insist that the hon. member for North Battleford withdraw the statement he has made.

Mr. McINTOSH: I am not through yet.

Mr. SPEAKER: The hon. member for North Battleford accuses the Minister of Agriculture of having altered the report of his remarks in Hansard last session. The Minister of Agriculture denies that this took place. I submit that the hon. member for North Battleford should withdraw that statement.

Mr. McINTOSH: If the hon. member makes the statement that he did not—

Some hon. MEMBERS: Withdraw.

Mr. McINTOSH: Mr. Speaker, the statement I make is that the words were inserted in Hansard not that they were changed or altered. If the minister says he did not do it some other person did it, and he knows who it was.

Some hon. MEMBERS: Withdraw.

Mr. SPEAKER: In order to carry on the business of this house in a dignified way the hon. member knows that is not a withdrawal. The minister says he did not alter his remarks in Hansard. Having made that statement—

Mr. McINTOSH: I am quite pleased, Mr. Speaker, if the minister says he did not make the alterations himself to withdraw that statement, but that does not alter the fact that the words were changed.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the privileges of this house do not permit a member, rising on a question of privilege, to make a charge against a fellow member. The hon. gentleman has risen to a question of privilege. The observations he has made as to the conduct of the hon. member for Melfort (Mr. Weir) cannot possibly be proper remarks to make on a question of privilege. The hon. member is dealing with a matter raised yesterday, with which he has every right to deal, and we will listen to him with very great interest if he continues to deal with it.

Mr. McINTOSH: Yesterday, when I was not in the house, the charge was made against me that I had changed my remarks in Hansard. On a question of privilege I am merely making an explanation of the matter, and I want to finish my last statement.

Some hon. MEMBERS: Withdraw.

Mr. McINTOSH: I am not going to withdraw any more. You had better withdraw yourselves.

Mr. SPEAKER: Did I understand the hon. member for North Battleford to withdraw his statement?

Mr. McINTOSH: Yes, about five minutes ago.

Mr. SPEAKER: Very well.

Mr. McINTOSH: I was referring to the statement made by the hon. member for Melfort that the words I used should be stricken from the record. Well, they are good Anglo-Saxon words. Then later on Your Honour suggested that the matter should be referred to one of the committees of the house, and the Prime Minister also stated that this might be done. I made the statement that I would be quite willing to have that done providing the words that were altered in the speech of the hon. member on May 22 of last year in connection with redistribution were also brought before that committee.

Some hon. MEMBERS: Withdraw.

Mr. SPEAKER: Order. If any action is taken by the house concerning a matter which occurred yesterday or during this session it will be done by the house as it sees fit, not with any proviso that may be made by the hon. member for North Battleford.

Mr. McINTOSH: Well, I shall feel fine about any action that may be taken. I am through.

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RELIEF CLOTHING

On the orders of the day:

Mr. HUMPHREY MITCHELL (East Hamilton): Mr. Speaker, on the orders of the day I should like to direct a question to the government based upon a dispatch appearing in the Toronto Mail and Empire of June 1. The dispatch states that a contract has been let to the Needlecraft Mills Limited of St. Hyacinthe, Quebec, for the purchase of fifteen thousand pairs of trousers for distribution among men employed on relief projects, at a cost of $1.76 per pair. The cloth required will be issued by the department and charged against the price, and I understand that, after everything is considered including freight, trimmings and so on, the labour cost of these trousers will be eighteen cents per pair. The cheapest that it can be done in the city of Toronto is forty-five cents a pair. I should like to ask the Minister of Labour whether the fair wages policy of the government will be enforced in connection with that contract towards the end of preventing sweated labour conditions existing under government contract.

Hon. W. A. GORDON (Minister of Labour): I believe the remarks of the hon. member have reference to goods purchased through the Department of National Defence. If the question stands it may be looked into and answered to-morrow.

Mr. MITCHELL: I am most concerned about the labour conditions under which the contract will be undertaken; I am not particularly interested in the goods in question, but in the conditions affecting the working people employed in the industry.

MARKETING ACT

ORGANIZATION TO IMPROVE METHODS AND PRACTICES IN MARKETING NATURAL PRODUCTS

Hon. ROBERT WEIR (Minister of Agriculture) moved the third reading of Bill No. 51, to improve the methods and practices of marketing of natural products in Canada and in export trade, and to make further provisions in connection therewith.

He said: Mr. Speaker, before the third reading passes I should like to make a very few observations in connection with the bill. I believe all hon. members who have given any concern or thought during the past few years to the marketing of the primary products of the dominion, whether they be producers, those engaged in the marketing of the

products or those who consume the products, agree that there has been felt a need for some legislation or action which would tend to reduce to a minimum the wastage which now exists in our more or less haphazard method of marketing, and also that steps should be taken as far as possible to stabilize the prices of products of the primary producers.

In endeavouring to give effect to this desire or much felt need, we set out to prepare a bill which for some weeks has been under discussion both in the house and in committee of the whole house. In the preparation of it we gave careful study, first, to other marketing bills which have been passed and have been in force in various countries. However, after careful examination of these bills and the boards set up by such legislation we felt that the conditions with which they were formed to deal were so different from those confronting us in connection with the marketing and regulation of marketing of the primary products of Canada, that they could be of little use to us, certainly could not be adopted as a model, and could be used only as a guide here and there in the preparation of our bill.

It was therefore decided that we must first have clearly before us the conditions we wished to remedy in order to prepare a bill peculiarly suitable and adaptable to the conditions in Canada with which it had to deal. In the preparation of the bill we had numerous discussions with cooperative associations, private individuals engaged in primary production, and with the trade. In the first draft of the bill we had made it much more definite, dealing to a greater extent with specific commodities. But as other problems were presented it was felt that the very definiteness of it, limiting it to particular problems, made it inapplicable to the marketing of other products. Therefore the bill underwent a gradual change, becoming more comprehensive and, as one hon. member stated in discussion, became more in the nature of a skeleton of a bill which could be filled in and could better meet the varying conditions. This was also necessary so that every possibility of full cooperation between the provinces and the dominion could be brought about.

The fundamental principles of the bill as submitted to the house are briefly these: First, as far as was possible and as far as was indicated by organizations of primary producers to place in their own hands the marketing of their own products. Secondly, in case of emergency or in dealing with a primary product concerning which, due to geographical and other reasons it was difficult for the producers to organize, where it was felt by the government that some assistance or organization should be arranged, power is given the government to deal with such emergency or condition on its merits.

Then, in the third place, power is given in the bill to investigate spreads, or the cost of marketing, thereby giving an assurance to the producers that they will not be exploited in the marketing of their product, an assurance which applies similarly to the purchaser of such products. Then, power was given in the bill to deal with the importation and exportation of natural or primary products into and out of the dominion, so that under the different conditions in which we find ourselves we would have the machinery to enable us to take our place among the trading nations of the world.

Then, lastly, provision is made in the bill to enable complete cooperation between the provincial bodies to be set up and the federal bodies which may be set up. I give this brief review for this reason: It was no surprise when the bill was up for discussion that many hon. members should have traversed the very paths which we pursued in the preparation of the bill. They had in mind some specific commodities with which they wanted the bill to deal. However, although realizing that if the measure were so defined it would become ineffective as regards other commodities, yet as the amendments proposed did not in any way affect what we felt we had already set out in the bill and for which we had made definite provision and to set at rest the doubts of some persons, we accepted amendments to the bill based on the requests and desires of hon. members as evidenced in the discussion.

I believe therefore that it would be of interest to the house if I were to put on record a short analysis of the effect of the amendments to the bill as first brought down, to bear out the statement I have made as to why the amendments were introduced and accepted.

1. Principle

The fundamental principle embodied in this bill is that of governmental sanction and support of regulated marketing by producers and other persons engaged in such activity, supplemented by direct governmental action when unusual conditions warrant such procedure. The amendments have in no way altered this principle.

2. Purpose

To regulate rather than to disrupt trade is the purpose of this bill. Improvement of conditions by the control or direction of marketing as to time, place, quantity, quality and manner of distribution was sought in the original bill. Regulation, with a minimum of interference with trade practices, is the keynote of this legislation. The amendments have in no way altered these objectives.

3. Machinery of regulation

The machinery provided for in the bill consists of a central board appointed by the government and local boards created by persons engaged in production and/or marketing to which power to regulate the marketing of the natural product may be given. No change has been made in this connection by the amendments.

4. Powers

The powers to be conferred upon the dominion board and by delegation upon local boards, namely, to regulate marketing, to raise funds, to compensate for loss under stated conditions, to require information, to cooperate with provincial boards, to register and license producers and persons engaged in marketing, remain almost exactly as they were in the bill as introduced. Clarifications having to do with pooling and collection of funds have been made and an extension of powers under clause (e), subsection (1), section 4, to include "processing" was made.

5. Federal and provincial jurisdiction

Certain changes to clarify the intention and make more certain the division of authority between the dominion and provincial bodies has been made but the purpose in this respect has in no way been changed.

6. Regulation of import and export

This section of the original bill was redrafted and the provision re imposition of penalties, which in a measure conflicted with other similar provisions of the act, was deleted. However, the purpose of the section, namely, control of import and export trade in natural products within certain limitations remains as it was.

7. Spreads

A number of changes have been made in the second part of the bill and several sections have been added. These are, for the most part, designed to establish more definitely the legal procedure in the case of prosecutions. There is no change in the principle or purpose of this part of the act.

8. Summary of changes

There are ninety-two numbered or lettered sections, subsections, clauses or other divisions in the original bill. Of these thirty-three were altered in some respect by amendments but thirteen of these changes were of one or two words. The introduction of the word "natural" in the second part involved changes in eight sections or subsections.

9. The introduction of provisions designed to clarify several sections involving such matters as "pooling" and the provision and use of "funds" by local boards each required changes in several other sections. In each of such instances it is believed the power to do the thing desired was conveyed in the original draft but to satisfy some who held doubts on the subject, amendments were agreed to.

The principal changes made are those affecting the definition of natural product, section 2 (e); limiting the demands upon the consolidated revenue fund, section 3 (9); removing uncertainty as to the use of funds collected, section 4 (4); defining the powers under section 9; improving the section having to do with import and export restrictions.

In moving the third reading of this bill, Mr. Speaker, may I say that I frankly requested constructive criticism of the bill as introduced, and I regret that the discussion so repeatedly went very far afield from the subject matter of the bill itself. I feel, however, that that may be due perhaps to the bill covering a new field. I regret that we have not had more constructive criticism but I sincerely wish to express my appreciation to those who have contributed to bringing the bill into the form in which it is at the present time.

Mr. DUFF: Does the minister wish to name those who have made constructive criticism?

Mr. WEIR (Melfort): I believe, Mr. Speaker, that there will be unanimous agreement on all sides of this house that this bill is a forward step in an endeavour so to improve the efficiency of marketing in the not distant future that some of the costly weaknesses that are in our present practices may be eliminated.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, I can imagine hearing some of the hon. members weary of this heat remarking, "Could we not cut out this talkfest and have a vote and be through with it," but the minister himself evidently did not think that was the way to proceed, and I am only following his example in making a few remarks.

This is the government's first marketing baby, and like all events of that nature they have had great anguish over delivering the baby, so much so that they might very well have resorted to that ameliorating practice known as twilight sleep. But that might have injured the baby, and we do not want to do that. I certainly do not want to do that, and I am glad that the ministry staggered through with it the way they did eventually and got on to their feet somehow. But, Mr. Speaker, it was a most distressing spectacle. However, the baby has arrived, and with a good deal of the Tory plumage all gone, but there are some objectionable features the size of one's fist still sticking out all over it. But there is just enough for identification purposes, just enough to show its semi-Tory origin, or its foster parentage, because the government was not the real parent of the bill at all. This bill was born of the farmers and producers, of western Canada particularly, and especially of the Pacific coast. That is where it came from, and the statement that the government is thrusting this upon the people is not right. It is the growers that are thrusting this marketing bill down the throats of an unwilling government, except the Minister of Agriculture (Mr. Weir, Melfort) who was ready for it for some time past. That is the real position.

My analysis of this bill is quite different from the minister's. He regretted that there were not more constructive criticisms. Why, Mr. Speaker, so constructive have our criticisms been that this is almost a new bill entirely. According to my count there have been twenty-nine amendments, and I could make it a little more if I desired to stretch it. I could bring it to thirty-three, or thirty-five or even forty, but I have not counted those small amendments to which the minister referred. In order to leave no doubt about it I am going to take the necessary time out of my precious forty minutes to outline the changes that have been made in this bill and, Mr. Speaker, I hope you will give me three minutes' notice of the expiry of my forty minutes because I do not even know what time it was when I started.

I have classified the changes into three divisions, "very important" changes, "less important" changes, and "unimportant" changes. I shall not have time to go over them all, but I shall refer to them.

First, section 2, paragraph (e) extends the definition of natural product to include lumber and food and drink derived from products of forest, lake, sea and river. I think this new list of natural products is much better than the original definition, perhaps because it is almost identical with what I suggested myself if hon. gentlemen will recall my remarks on the second reading of the bill.

The next amendment deals with section 3, subsection 9, and provides that instead of permitting the costs of the board to be paid from consolidated revenue fund, they shall be appropriated by parliament. My right hon. leader (Mr. Mackenzie King) urged that amendment very strongly.

The next deals with section 4, subsection 1, paragraph (a) and provides for the setting up of a single selling agency which may be designated. Without this there is no centralized selling possible. That amendment was insisted upon by the producers. It was put in once by the ministry but they could hardly find it and they had to put it in the second time.

The fourth amendment deals with section 4, subsection 1, paragraph (c) and provides for the pooling of proceeds received from the sale of a product. No such provision existed in the original act. The minister tried to persuade us that it was there but nobody could find it, not even himself. There again, they had to insert it twice before it was really there.

Amendment number 5 deals with section 4, subsection 1, paragraph (e) and enables grants or loans to be made for the assistance of processing farm products. I do not want to plume myself too much, but that was my suggestion. I should like to refer for a moment to what this means as I believe it has a significance far beyond the conception of most hon. members. I gave an illustration of what "processing" could mean by referring to experimental or demonstration abattoirs which could be set up under these grants or loans. It is only by this means that we can have a satisfactory solution of the question of abattoirs and live stock marketing generally. This matter has been in my mind for years and I have always advocated it. The time has now come to close in on it. It provides also for the establishment of cheese and butter factories such as they have in other countries with which we have to compete. They have them in Denmark, in the United States, in Australia and in New Zealand. Fine large plants are established in those countries to which the producer can take his milk and be paid immediately on the basis of the butter fat content. This provides for the assistance to the processing of the fifteen or twenty dairy commodities that are made out of milk. It

provides also for the processing of fruits, vegetables, wool, maple products, of wheat into flour, of oats into meal and many other forms of processing. All these activities are covered by the single word "processing." I have not the time to dwell at length upon the scope of this amendment or to show how far embracing it is.

The sixth amendment deals with section 4, subsection 2, and limits the powers which the dominion board may delegate to a local board to those contained in section 4. This prevents a local board from getting money from parliament to pay the costs of operation or to enable them to compensate for loss. It also prevents the dominion board from delegating to a local board the right given to it under section 9 actually to sell commodities. I remember quite distinctly that my right hon. leader spoke very strongly against what was embodied in the original bill and this has been amended.

Amendment 7 deals with section 4, subsections 4, 5, 6, 7 and 8. These are all entirely new and they provide for obtaining funds from producers instead of from parliament, which funds are to be used to pay any loss, compensation to producers, equalized payments, that is, pool receipts and building up reserves. According to the original bill, these expenses were to be borne by the state, but this amendment was finally inserted at the request of the growers.

Amendment number 8 deals with section 5, subsection 3 and enables the minister to demand a poll before a scheme is approved. The original bill made no provision for a poll. I am sure the government included this amendment because of the discussion which took place. The minister was good enough to invite suggestions.

Amendment number 9 deals with section 7, subsection 4, and provides that if a poll is taken and a scheme adopted, it cannot be revoked without a further poll being taken of the growers. The original bill contained no provision for a poll before revocation.

Amendment number 10 deals with section 9. This gives the dominion board power to set up a scheme itself and, as amended, it makes it clear that the scheme so set up may permit the board either to regulate marketing or actually to sell a commodity. The local boards are not allowed to do this. It also makes it clear that in setting up such schemes they can only relate to interprovincial and export trade. This very important amendment was suggested by the Liberal opposition.

Amendment number 11 deals with section 15. This is an entirely new section and provides that the dominion board must make an annual report to the minister which report must be laid before parliament within a stated period of time. I have a very vivid recollection of my right hon. leader suggesting this amendment.

Amendment number 12 deals with section 16, paragraph (b), and extends the scope of the investigations to include investigations in natural products as well as in regulated products. I am not quite sure as to who suggested this amendment but I think it was someone on this side. If it were not, it was the producers themselves.

Amendment number 13 deals with section 20 and makes the committee's findings merely a report to the minister rather than a determination for which penalties could be imposed.

These are the thirteen amendments which I consider to be "very important." That may be considered an unlucky number but as one amendment takes in seven subsections, the total is really more than thirteen, really seventeen.

We come now to the "less important" amendments. Amendment number 14 deals with section 4, subsection 1, paragraph (c) and provides that no compensation can be given for loss if the grade is unsuitable for market or is incurred as a result of agreements with foreign countries. Had this amendment not been included the government would have been exploited in all directions. Had the bill as originally drafted been passed this marketing act would never have got started. It would have been like the British act of 1931, simply a negation on the statute books. That was what happened with the British act until it was amended once and again two years later.

Amendment 15 deals with section 4, subsection 1, paragraph (i). This paragraph originally gave the local board the power to hold real property but it has since been deleted.

Amendment number 16 deals with section 12 and makes it necessary that the governor in council rather than the minister license importers and exporters. The clause by which the governor in council could provide penalties for any breach in connection with this section has been deleted.

Amendment number 17 deals with section 23. This is an entirely new section and provides for the transmitting of reports of investigating committees to the provincial attorneys general for such action as is deemed necessary. The next amendment, number 18, deals with section 24. This is a new section and provides that the accused in any action as above may demand trial by jury. Amend-

ment number 19 deals with section 25 and provides that the minister must file annually with parliament a report of all proceedings taken under the investigating sections. This is entirely new. Amendment number 20 deals with section 26. This is a new section which declares that if any section of the act is found to be beyond the powers of parliament, it shall not affect the remaining provisions thereof. This is one of the very few amendments proposed by the government itself.

With the "less important" and "unimportant" amendments, there are 29 in all. I think it should be noted that not one single amendment has been suggested by what we know as the C.C.F'ers. They were in favour of the bill just as it was brought down. I do not include the United Farmers of Alberta when I refer to the C.C.F'ers because they, the former, have renounced them. This is an example of the delightful harmony we find between the different portions of the far C.C.F. corner. They can dispense hot air by the barrel full but when it comes to helping the government to improve this bill, of which they said they approved, the results have been nil. Perhaps I should exempt the hon. member for Red Deer (Mr. Speakman). That hon. gentleman says he is not a member of the Cooperative Commonwealth Federation and he has made a valuable suggestion in connection with this bill, but I do not know whether he made it before I did or not.

There are one or two other members who made suggestions with regard to organization grants. The government of which I was a member made the first valuable contribution by way of an organization grant to the Cooperative Live Stock Marketing Association. The first year in 1928 this grant was $5,000; the second year, it was $10,000, and the third year it was $20,000. This splendid live stock cooperation agency went along fine until 1931, when the present government deliberately killed that institution by withholding the grant when Great Britain went off the gold standard. With the loss on the pound sterling and with no grant this great institution was simply stricken amidships and went down under the blow. If some hon. member referred to this question of organization grants before your humble servant did, the fact remains that the government of which I had the honour to be a member, was the first to act upon this policy away back in 1928.

As much as I would like to follow all these amendments up to the last I have not the time, so I will mention the twenty-ninth and if nobody objects I would like to give the intervening ones to Hansard.

21. Section 5, subsection 5 (*b*), provides that when scheme submitted it must say if a poll is desired.

22. Section 6, subsection 2, deleted the words "body politic" before the word "corporate."

23. Section 10 does away with the right of the dominion board to authorize a marketing board set up under provincial legislation to collect charges or tolls because such right is included in new section 4, subsections 6 and 7.

24. Section 11 allows dominion board to confer upon a local board any power given it by a provincial act. This is necessary because new section 4 limits the powers the dominion board may delegate to those contained in that section.

25. Section 17, by inserting the words "or regulated" merely makes that section conform to section 16.

26, 27, 28. Sections 18, 19 and 22 are amended to make them conform to the wording of 16 and 17 with reference to natural and regulated products.

29. Section 21 is amended to make it necessary to publish within thirty days after the minister has received the same the report of the investigating committee. The original act did not state within what time such report must be published.

I think my right hon. leader had something to do with that too. It may surprise some hon. members if this marketing act should not be and indeed was preceded by another act, a very necessary prerequisite to this marketing bill. I will not ask the house to accept my statement on that; I will refer to Major Elliot, Minister of Agriculture for Great Britain. I have no doubt my good friend the minister expects some day when this bill goes through to be the minister of agriculture in Canada representing the same position that Major Elliot represents in Great Britain namely, that he is the pioneer in Canada of the idea of quotas, turning on the tap for larger or smaller quotas according to the requirements of the occasion. I do not, however, know about that; I do not want to see anybody play the DeValera for Canada in our relationship to Great Britain, and that is what I am afraid will be the result. Let me read what Major Elliot says about the prerequisites to a marketing act:

> Agriculture, at home and abroad, is recognizing the urgent need for an improved marketing technique and is setting out in diverse ways to obtain it.

In two main directions is reform being pursued—in the direction of standardization and in that of organization, the latter in order not merely to implement the former but to enable producers, by a combination of their man-power and, if they so desire, of their produce-power and their money-power, to control effectively the marketing end of their business and enjoy equal opportunity with other highly organized groups in the industrial community.

Major Elliot divides this into two distinct subdivisions: standardization of product and then the marketing thereof. Surely it is within the memory of almost every hon. member that for eight and a half years the Liberal government, headed by my right hon. leader, spent a great deal of their time in standardization of farm products from one end of Canada to the other. That is the great prerequisite to a marketing proposal. During that period where were hon. gentlemen opposite? Their most effective harpooner, the then leader of the opposition, was looking for my short ribs half of the time. Where were the birds to my left who are presumed to represent agriculture? They were in the same category for the first four years; after that they came to the conclusion that maybe this was all right and many of them so signified. But some of my best measures were left on the order paper to die there because I could not get the support of those who were then in opposition either official or unofficial, or a sufficient number on any side. One of those measures was the Hay and Straw Act which in 1929 fell thus by the wayside, which some two years ago I had the pleasure of assisting my hon. friend to put through.

Major Elliot continues:

Standardization is a fundamental principle of our modern commercial system.

So this foundation upon which this marketing bill is built, was laid by the former Liberal government. I am taking, not my definition but that of Major Elliot of the close relationship between standardization and marketing. Let me read another paragraph of what he says:

The commercial advantages of standardization are well known and need not be repeated here. In this country, as elsewhere, legislation has proved to be necessary to put the standardization of farm produce on a national basis. Here, it has taken the form of the Agricultural Produce (Grading and Marketing) Acts, 1928 and 1931.

We were almost through with our grading and standardizing policy under the preceding Liberal government by the time Great Britain started; we were a lap ahead of even the mother country in the standardization of farm products, as over there they are only now at some of that work.

Now comes the marketing bill. Because my hon. friends opposite through this bill build upon our Liberal foundation, am I going to refuse to accept it in accordance with the stand I took on the second reading? I am not going to proclaim exactly at this stage how I am going to vote on the third reading division, if I can avoid doing so. But I will try to present the facts. The measure was such a Tory distortion of Liberal principles and so contrary to what the farmers asked for that one could easily take one side or the other and yet justify one's position. Major Elliot continues:

So the time has come to develop further the policy to which successive governments have already contributed and prepare to rebuild the whole organizational structure of our agricultural marketing.

He points out that the first prerequisite was to get standardization. I will leave it to the house and to the country whether the Liberal government have not done that. Consequently, with all these amendments made to this measure largely at the instance of the Liberal opposition and the producers, we have given to the country the first prerequisite of a marketing act. I can and I do claim that the first principle of this bill as now amended, defaced as it is by some Tory distortions that have been thrown in, is now, built upon Liberal foundations already cited, and is really Liberal if such few distortions were eliminated. That is what it is, even after these amendments have been made, but some of the distortions, the Tory excrescences that I abominate, are still there. What shall I do in an emergency of that nature? Heaven help me that I may make the right choice, because it is not an easy one. This report to the Minister of Agriculture which I hold in my hand, and which I will read will confirm my statement. One is on pretty strong grounds when one reads something from official reports as I have been doing and propose to do. This is the report of Doctor J. F. Booth, commissioner of farm economics, to his minister, the Minister of Agriculture. On page 222 thereof, I find under the subhead of "Farmers' Business Organizations" the following. I hope the house will bear with me because this is very important and if it means anything, it means—well, that it is favourable to this bill. But coming as it does from this intermediary Tory source, one can

come to another conclusion if one wants to. It reads:

Records and statistics properly tabulated and summarized form the basis for investigation and comparative analysis in economic research. From a national standpoint Canada is without this ground work for a study of farmers' business organizations. It is true that considerable work has been accomplished by provincial and federal bodies in collecting and presenting facts on cooperative organizations in Canada. The information available, however, does not present us with a complete picture of business organization among farmers throughout the dominion or permit of research and analysis which it is generally agreed should be undertaken. At the time the branch was instituted—

That was about 1928.

—it was understood that cooperative marketing would receive consideration. With this in view plans were made to obtain the basic information necessary to a comprehensive program of research and service.

Next comes a paragraph that I would rather skip, but I can read it if anybody thinks I am garbling the report. He goes on:

With the assistance of provincial registrars and from various other sources a list of farmers' business organizations in Canada has been prepared. On this list there is a total of 1,759 associations. In response to a first request for information 737 or 42 per cent of the solicited organizations replied. This has been followed up by a second request in some provinces and where necessary the associations will be circularized a third time.

In the study of farmers' business organizations special attention will be given to financial analysis. If such organizations are going to develop and endure they must withstand scrutiny of the same nature as private business. Certain tests well known in business practice are applied. Other problems to which the branch is giving attention are uniformity in financial statements, type and method of organization, raising of funds, credit operations. A central bureau of records of this kind will permit a study of business practices which include financing, price and sales policies and advertising. The scope of this work naturally extends to the operations of marketing agencies and distribution costs. Legal phases, membership and contractual relations present problems, all of which have a bearing on the development of farmers' business organizations, local or national in character. Continuity of work over a period of years and especially covering this period of economic stress should be significant and of considerable historical value.

In addition to the survey of farmers' business organizations the branch is endeavouring to obtain a complete and up-to-date record of all other agricultural organizations. A listing of this nature will include the non-commercial organizations such as fruit growers and live stock improvement associations. The index compiled at the present time contains over 400 societies with names of officers, membership affiliations and other information. When the records for the dominion as a whole are completed and the bureau becomes fully established the branch will provide a directory and may be in position to act as a consulting agency for farmers' organizations and those interested in their development.

That is what the Liberal government of that day had in mind in establishing the economic branch, so that it would be a centre, a directory, a registration and advisory retreat to which all such organizations as this could rally from one end of Canada to the other. It is said that Doctor Booth is slated to be one of the central board. If that be so, then he will act in a double capacity, he will be head of the economic branch and a member of the board, and will have a double opportunity of tying up voluntarily this great organization from one end of Canada to the other in one centre. I can imagine the valuable advice that such a board or directory could have given in years past when great farm movements, economic and educational, were wrecked one after another by going into politics. We saw the old Grangers, that came from the United States in the early 70's, twenty years afterwards totally wrecked on the rocks of commerce mixed with politics. Look at the same movement of which I had the honour to be the first president in 1901, that started out as an educational body, non-political and non-commercial; it stayed that way for five years, and then in 1919 gravitated into politics. The itch for power, the thirst for this kind of adventure was strong, and after certain years of successful service they wanted to get into politics, against which, of course, there is no law. Politics and commerce, however, do not seem to work together, they never have. I wish I had time to read some of the platform of the old Grange movement that started out so nobly and ended so disastrously in the form of the Patrons of Industry twenty years afterwards. I can count more than one movement of the same kind. In the case of the one I know so well, the old Grain Growers' Association, as long as your humble servant was president and Hon. R. S. Lake vice-president both politics and commerce of a purchasing nature were kept out. But the day came when some arose "who knew not Joseph," and that great farmers' organization drifted into the same evil that had wrecked the Patrons of Industry, nearly thirty years previously. Of course, they have the right to do it if they want to, but we cannot keep up our commercial end successfully if we are jumping into the political end at the same time. We are in danger of that at this very minute. If that is the desirable thing, why should the C.C.F. support this bill, as it is neither state

socialism, or production for use and not for profit? We have therefore a rallying centre in the capital; we the former Liberal government established it ourselves in the economic branch to make it a source of advice for all who would seek it on any phase whatever of their activities. If we had had access to the central board or the economic branch through all the past years do you think that such racketeers as Aaron Shapiro could have paralyzed and bedevilled the cooperative agricultural activities of this country and this continent as he did? He could not. But farmers in their difficulties and distress will sometimes listen to the wiles of the devil himself.

Mr. LAPOINTE: Hear, hear. They are!

Mr. WEIR (Melfort): They do in Melville!

Mr. MOTHERWELL: When people are in trouble and anyone throws them any kind of life-line they grab at it. Shapiro was the quintessence of hypocrisy, delusion and racketeering. Who was going to advise these newly organized units as long as they were spread abroad on the face of the earth with no centre to converge on? They had such a centre under our Liberal government in the economic branch as I have just referred to. That is one of the reasons why I take the ground that I have taken with respect to this bill. It may be asked, Why did we not start a marketing board? We were fighting a sister dominion—Australia—because they were shooting the objectionable phases of a marketing board onto Canada under the "Patterson" plan. We did not believe in passing on those objectionable phases to the mother country, at that time at all events. We gave evidence of our desire to promote marketing proposals by starting up the Cooperative Live Stock Producers in the manner I have described, a first class commission organization at first and then an equally first class export organization until the casualty that occurred to it because of the gross neglect of this government.

Now I might say more. I think I have ten minutes yet. I should like to devote a little of that time to my hon. friends on my left, the C.C.F'ers. It is a strange thing that on the second reading of this bill I found myself in company with these birds over here. Well, you cannot always choose your associates. If I think a thing is right I have to stand by it; I am not going to run away because someone else also thinks it is right. I was thinking of the ghastly company that I was in, a most excruciating experience from both directions. But, Mr. Speaker, I have recently been looking over the history of reforms, and this is a reform bill but in bad company. It is in the hands of foster parents, I admit, and they naturally make a mess of it. But what was the history of reform bills in the early part of last century, who finally had to espouse them, after opposing them to the uttermost at the beginning? What about Tory Peel? What about Tory Disraeli? They stayed Tories but they took up the Liberal program embodied in the reform bills and free trade. Was it not so with Gladstone also, only he remained Liberal. Bright and Cobden undoubtedly were the authors of free trade, but the previous Tory, Gladstone came over and supported it, because it grew so popular. The last straw that turned the tide was the potato famine in Ireland, a small thing in a way but terrible in Ireland, but it helped to concentrate and crystallize public sentiment and bring about free trade. So here we have our friends on the other side performing the same stunt as Peel and Disraeli, just walking off with the other fellow's clothes. They still fit me in some particulars. I want some of the distortions taken out, some more of the Tory plumage taken off if possible. But my C.C.F. hon. friends over here are full of an abundance of hot air and heifer dust; that is about all they deal in, not having contributed one iota for the benefit of this bill, and their leader is parading around the country asking the people to flock to his standard. We have the Coldwells in Saskatchewan, the Philpotts and the whatnots in Ontario. What are they doing? Just shooting hot air with not one practical idea behind it. Here in amending this bill, they were given an opportunity to display some of their knowledge and ability, to do something but talk, but they failed utterly.

I seem to have covered quite a bit of ground, but there is one thing more. On the second reading unfortunately I had to vote differently from nearly all of my party, but I do not consider that there was anything contradictory as between my attitude and that of my leader. The duty of a leader is to have a much wider vision than that of a humble follower. The duty of a leader as I see it is not only to represent one great occupation but to represent all occupations in Canada, producers and consumers. There is absolutely no recognition of consumers in this bill. The duty of a leader is not only to represent all Canada and all businesses and occupations in Canada but to recognize the rights and interests of all the units of the British commonwealth and the relationships of Canada, especially commercial, with the rest of the world. That is the attitude that

must be taken by the great leader of a great party, and I would not have my right hon. leader take any other position. On the other hand the scope of my duty as I see it, is relatively circumscribed. I represent a rural constituency. I do not say that I always consult them; I have to assume that they expect me to do my duty as I see it and explain to them later. When you are two thousand miles away you cannot rush to your constituency for this, that or the other thing; it takes us all our time to understand what we are discussing here, without trying to impart it to others at every stage of development. By virtue of my position in the preceding government, however, I am compelled to consider the producers and farmers generally, the growers as we call them on the Pacific, if there is any preference to be given to anyone. I gladly do that, though I hope I am broad enough to recognize the principle that you cannot do full justice to the producers without giving fair consideration to the consumers as well, and that has been my position. There is nothing contradictory or incompatible in a leader expressing a different position from that of a humble follower. Those positions are entirely different, as I have stated. I make these remarks in reference to the second reading of this bill, in reply to one or two letters I have received expressing regret that I could not maintain the entity of the party and vote against the second reading of the bill.

I think this is a sufficiently important occasion to speak for my full forty minutes, but just to show that I am not unnecessarily taking up time I will conclude by saying that I do not intend to make any pronouncement as to the way I will vote either on any possible amendment or on the third reading of the bill. I do not know whether in my desire not to do so or in my anxiety to show my interest in the whole matter I may have crossed my wires and already revealed how I am going to vote, but if I have done so you will understand the reason. I have decided to reserve my decision until the actual vote is taken, whether it be on an amendment or otherwise. I only decided that at the very last moment; my few notes were based upon another assumption to be revealed later.

Mr. ALFRED SPEAKMAN (Red Deer): Mr. Speaker, after the storms in committee and the various discords passed away I had the feeling that the third reading might be an occasion of harmony and amity, on which the whole house might get together to advise the farmers of this country to make the best of an act which affords them some opportunity.

[Mr. Motherwell.]

Because of that feeling I shall not traverse at any length the ground covered by the last speaker, the ex-Minister of Agriculture (Mr. Motherwell), nor shall I enter into a discussion of the relative attitudes of those in this corner of the house and those whom he represents in relation to this bill. As to the attitude of those in this corner, including myself, I think I shall leave it to Hansard, to this house and to the farmers of this country to decide as to whether we do not occupy a reasonably fair position in respect to our attitude, in the contributions we may have made, in our understanding of the problems and of the bill itself, as compared with my hon. friends to my right. I sympathized with the ex-Minister of Agriculture when he was reluctantly forced to associate himself with us for once in supporting a measure brought in by a Conservative government. I think perhaps if any argument were required, that is the last and final argument in favour of this bill. It shows that even he, driven between two contrary winds and tides, was forced by his own knowledge of the situation and his own inherent sympathy for the farmer to support that which, as he said, he felt was a move in the right direction, even though in doing so he had to associate with those whom I have mentioned.

Mr. MOTHERWELL: I did not say that; I said the C.C.F., and my hon. friend is not one of those.

Mr. SPEAKMAN: The organization to which I belong has associated itself with the C.C.F.

Mr. MOTHERWELL: I took particular pains to single out my hon. friend in my remarks.

Mr. SPEAKMAN: I merely point out that the association to which I belong, which the minister was so careful to mention, has joined the other association to which he has referred. I, of course, was elected as a United Farmers of Alberta member, and I am subject to the action taken by that association. However, that is mostly by the way. I had no intention of entering into any competition, nor indeed had I any intention of referring to hot air, though in passing I might remark that a perusal of the pages of Hansard might induce some people, even those who have not had the pleasure of sitting in this house during part of the debate, to believe that all the hot air that came from this side of the house was not confined to the southeast corner.

This bill has been described and may be looked upon as a radical departure from

customary methods. In some respects that is so, but I agree with the ex-Minister of Agriculture that it follows in logical sequence the actions taken in prior years and by former ministers, and may I say in particular by the ex-Minister of Agriculture for whom, in spite of some of his strictures, I entertain the highest regard as having been one of the best ministers of agriculture this country has seen. To my mind there were three definite stages through which to pass, three definite steps to be taken in sequence, and to have taken a step like this before the other two steps had been taken, before the foundation had been laid, would have been impossible. The first step, of course, was the work carried on by the different departments of agriculture and by various farm bodies through experimental farms, through research, through education and so on, to improve the quality and kind of the various farm products. Obviously it is useless to establish a marketing act unles you have a suitable type of product to market. Then followed that long sequence of inspection and grading acts which have not only graded, divided and regulated the products themselves but have accustomed the farmers to inspection, regulation, grading and control, and have disabused their minds of that impression perhaps formerly held, that any individual can of his own volition and without regard to marketing conditions and to his fellowmen produce just exactly that class and kind of stuff which he himself would like to produce. They have learned that they must, for their own good and for the common good, defer to law and as I say, subject themselves, to regulation, inspection and control of all kinds. Had it not been for that they would not now be ready to accept the bill before the house. I say at this point that while this is a new step and a most important step, it would be impossible were it not for the work done in former years by former ministers. It is a combination of that work,—the most important, but unable to stand by itself.

Now, as we come to the bill itself as amended may I express my pleasure and gratification concerning certain of the amendments which have been made. I believe I have studied the bill as carefully as any other private member, and I am unable to see that in essence the main principles of the bill have been affected. What has been done is to clarify many points suggested, but suggested in so vague a manner as to be capable of complete misapprehension and complete misinterpretation. I refer to such matters as the ability and right of the producers organizations to carry on pooling projects. I think that would have been embraced in the presentation of a scheme, but for their satisfaction and to place the matter beyond doubt I believe it was necessary that the conditions should be placed clearly and specifically in the bill. Then, I might mention others,—the ability of the board to designate the agency through which the marketing might be carried on. This again is made clear beyond doubt, that if the producers have formed their pools and wish to operate through such pools as their agencies, such agencies may be designated as the agencies through which marketing shall be carried on. And so it leaves the way clearly open for each producers' organization to organize so as to market and to handle its own affairs in the way it deems best and which experience has taught it to be wisest.

The bill itself is, of course, stringent—and to my mind it must be so. In my view one of the most fatal mistakes in a bill of this kind would have been to endow the board in the first instance with too narrow powers, and to restrict it in its operations. We are entering a new field, a field where new problems will be encountered, some of which are unforeseen at the present time. It is a field which will be subject to the changing conditions not only in this but in other countries, and to my mind it is essential for the success of the bill, the success of the board and the success of the whole program that from the commencement the board shall be endowed with sufficient powers, wide and strong, to meet those eventualities as they may arise. I am glad to see that this has been done, and that the legislation does and will include within its scope almost any essential action which must be taken to relieve the situation now existing among the producers of Canada.

There are points in the bill to which, under ordinary circumstances and had we been living in a world as it was in former years, I should have taken strong exception. For instance, I should have taken exception to the powers to control exports and imports. But as I look around the world to-day and as we all look around the world to-day and note the actual conditions which exist and which apparently will exist for years to come I find I cannot take that exception, because once the nations of the world have launched themselves upon that course of attempted self-sufficiency, no matter how unsuitable the climate or conditions—once they have launched themselves upon that course it will take years before they can possibly retrace their steps. In the world in which we must

live, a world which has been described to us by a man of great experience as one in which Great Britain remains the one country offering reasonable opportunity for the sale of our farm products in a world where tariffs have become the least part of restriction, and where absolute prohibition, licensing of imports and the most strict application of the quota system is applied in almost every one of the great European countries which at one time had relatively open markets—in this world we must realize forcibly that through this board we must have the power to regulate and absolutely to control the export of goods in order that we may meet existing conditions.

The condition as regards imports may not be as obvious, but may I point this out to hon. gentlemen. Assuming that the bill does all that we hope it will do; assuming that we succeed in the coming years in raising prices to a reasonable level—I am not speaking about exorbitant prices, but I am referring to stabilizing prices and freeing them from those seasonal and most calamitous price fluctuations and thereby establishing the farmer upon a reasonable and suitable basis—what will be the result? The result will be that during times when the outside world market is at a lower level than our own market we will be subjected to a flooding into this country of those similar goods from other countries seeking markets, countries the goods of which had been debarred from other markets and who see in Canada the Eldorado of their dreams. Having taken these steps and having undergone such sacrifice in arranging our own price level, would it be possible for us to leave our market completely open to be shattered and brought to naught at any time by the importations from other countries? To my mind it is essential, if eventually we are to succeed, that there must be some provision whereby we may stop those importations at times when they would demoralize and break our own markets.

It is not for the good of the consumer that the producer of this country should be put out of business. That is one point I should like to impress upon those hon. gentlemen whose chief concern—and laudable concern—is for the consumers. They speak of restriction; they speak of the possibility of having scarcity instead of plenty. I say there is nothing which will more easily bring about potential and actual scarcity than to continue as we are, expecting the producers to bring forward their crops produced at a loss. They cannot and they will not continue in that way. It would be far better for the consumers to have a steady flow of products at reasonable prices and at prices which can be depended upon to be maintained from one year's end to another than to be subject to this overwhelming probability that some time or some day under conditions as they are, unless remedied, the producers may simply cease to produce. Under such conditions where would the consumer be? Then he would see soaring prices, and he would see real scarcity. To my mind in protecting the producers who, alone, constitute almost fifty per cent of the consumers, and in enabling them to organize, to stabilize, to regulate and to place their own business upon a sane and satisfactory basis, we are affording the best guarantee for the future prosperity and future welfare of the rest of Canada.

Because of these things, Mr. Speaker, I welcomed the bill at its inception. Along with others, I had visions of such a bill years ago; I know that the Minister of Agriculture had, and certainly many of us had. I regret that it took so long to work out the measure, to meet conditions and to introduce the bill. I should liked to have seen it working now. I realize that the bill cannot be perfect. As I said before, and as has been stated by many hon. members, we are venturing into that which for this country is a new field and a new venture. There is nothing in this world, save experience alone, which will teach us just where the rocks and quicksands may lie, which will teach us exactly what difficulties we may have to encounter, or which will teach us exactly what measures may have to be taken in order to meet those difficulties. So I do not expect this to be a perfect bill any more than I would expect a new-born child to go out and do a day's work in the hayfields. That requires development; the child must grow up. But I do say this, that in my opinion, and I am giving it for what it is worth, and in the opinion of almost every farmer in my province who has communicated with me upon the subject, this bill does afford a hope. It does provide the initial machinery. It does make it possible for us to go forward and improve in the doing. Because of these things I give this bill the same support on the third reading that I gave it on the second, that I gave it in committee and that I have given it at all times.

May I suggest this to the house? There are two essentials upon which the work to be done under this bill will absolutely depend for its success. First is the cooperation among the producers, the working together by the producers under the terms of this bill. I suggest to the house that if this bill affords some opportunity to the producers to do this

thing, it is the duty of this house to encourage them to do so. That is one reason, Mr. Speaker, why I have always spoken and argued in its favour. I realize some of its weaknesses, but I realize too that unless we can give to the farmers who are to benefit from this measure some feeling of encouragement, some hope that the bill is worth while, some feeling that it affords them an opportunity, we could not expect it to succeed nor could it succeed. I would like to see the united opinion of this house behind this bill, but that seems impossible. I sincerely hope to see a reasonably united opinion among the farmers that they will make the best use possible of this measure which is here provided and of acts to a similar effect which have been or will be passed in the various provinces.

There is just one other thought, and with that I shall conclude. The success of this bill again will depend, as is the case with all other bills of this nature, upon its administration. You can have a good bill badly administered and it will come to nothing. You can have a bill that affords opportunities for good or ill, such as this bill does, and if it is properly administered by men with the right viewpoint it will succeed. So, Mr. Speaker, I suggest that the two essentials are an understanding cooperation on the part of the farmers and a sympathetic and efficient administration by the boards. With those two essentials present, I believe that this bill will start us in the proper way and enable us to say that something has been done, that an advancement has been made towards raising the lot of the producer to that level where we should like to see it.

No one imagines that this bill by itself is a cure-all. No one would be so foolish. Personally I agree with those who feel that before we can have conditions as they should be we must deal radically—no matter who may not like that word—with the whole financial question and with the application of finance to our daily vocation. May I suggest this also, that supposing we have a financial system equal to the wildest dreams of the most extreme visionary, even then if you are to have parity between one class and another, if you are to have a system that will work fairly smoothly, you must have an organization of those classes that work. You must have organization of producers in an organized world, and action along the lines of this bill would be essential no matter under what system we worked. Because of these things, Mr. Speaker, I can only hope that the bill will be a success, that its objects will be achieved.

I express further the hope that every farmers' organization and every producer in the country will come together to do what they can do under the terms of this bill, no matter what weaknesses they may find in it, in order to improve their own lot.

Mr. VALLANCE: May I ask the hon. member a question? Having in mind that fifty per cent of the people of Canada are primary producers, as the hon. member himself has admitted, does he think this bill will bring about the result which he hopes for, namely, to raise the price level of the product, say, of the wheat farmer?

Mr. SPEAKMAN: I expressed myself in committee and on former occasions—

Mr. VALLANCE: I asked a question.

Mr. SPEAKMAN: And I was going to answer it, but perhaps the hon. gentleman will permit me to answer it in my own way. I have already expressed the opinion that wheat differed in its problems from any other product. I expressed the opinion that wheat would be better dealt with under a federal wheat board constituted to deal solely with that product, but I expressed the further opinion that so long as that was not done, wheat should come within the purview of this bill in order that the producers of wheat might do what they could under its provisions. I say quite frankly to the hon. member that so long as world conditions remain as they are, so long as we have an overhanging surplus of wheat, I doubt very much whether any action taken by this country alone can raise the price of wheat very materially above what would be world prices.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, the hon. member for Red Deer (Mr. Speakman) has expressed the wish that this bill should find the united support of this house. I am sorry indeed to have to say to him that his wish cannot be met either in this house or, still less, in the country.

The Minister of Agriculture (Mr. Weir) has complained that he did not receive constructive criticism from most of the members of the house while this bill was being discussed in committee. Yet although he states he did not receive constructive criticism, he has himself seen the need of amending the bill in thirty-three instances, which shows the great need there was for changes.

For my part, and this is the first time I have spoken on this measure, I have been opposed to this bill ever since it was introduced. I have been waiting. I was absolutely sure that it was impossible to improve it

in a way that could have made it acceptable at least to myself. I am opposed to the whole measure, to its principle, to the new changes which it involves, to the directions towards which it tends. I think that in normal times some of the members of this house who are supporting this bill would view it with great repugnance, would perhaps repel it with horror. Even my friend from Red Deer said in one part of his remarks that in normal times he would be strongly opposed to some of the provisions of this bill.

Mr. SPEAKMAN: In times which formerly were apparently normal times.

Mr. LAPOINTE: Well, what is the difference? Of course the economic depression has made people suffer in such a tremendous way that many have become despondent and their normal resistance to measures which are arbitrary and authoritarian seems to have weakened. But let me tell my hon. friend that this bill is not merely for an emergency situation. Let me say to the members of the house generally that this bill is going to be the law of Canada for all time to come unless and until it is repealed by parliament. It is not there at all as an emergency. We are making a leap in the dark. During this discussion many hon. members have described this measure as an experiment. Why make the experiment at the expense of the primary producer or the farmer? The great danger in bad times is to force the acceptance of poor remedies. Sometimes these remedies instead of curing the disease, make it worse. During the course of his remarks, the Minister of Trade and Commerce (Mr. Stevens) referred to the dislocation which had taken place in agriculture and our economic life. If that dislocation is not helped by this measure, will he advocate more drastic remedies? Many of us think that it cannot be a success but is he sure that these restrictions will not hamper the producer instead of helping him? After all, this bill will bring about restrictions which will hamper the freedom of action of the producer.

Planned marketing is a theory, but farmers do not live on theories. I represent a constituency which is made up mostly of consumers, but although there is nothing in this bill to protect the consumer, I do not want to discuss it from a class viewpoint. I was raised and brought up in a farming community and it is the point of view of that class which I want to lay before the house. The depression has hit the farmer in a most terrible way. He has seen the prices of his products go down while his cost of production did not decrease proportionately. We must admit that our whole fiscal system bears heavily against the farmer. He must bear the greater burden than he ought to be made to bear. His operations are determined by the seasons and the weather conditions. His is a risky work; his goods are perishable and he must dispose of them within a certain period of time. But after all, I think he is the best judge of when and how to dispose of them, a much better judge than any board, whether federal, provincial or local.

Agriculture is a highly individualized occupation. It is an industry which is conducted on a smaller scale than any other. It is diversified and must take into account such conditions as I referred to a moment ago. I submit that a complicated system of prohibitions, of limitations and of interferences will not help the plight of the farmer. We are all in favour of anything which will assist the farmer and educate him. The world has entered into what seems to be an era of cooperation but except in a few countries, to which I shall allude in a moment, this cooperation is voluntary and respects the personal will and liberty of the farmer. Reference has been made to the work of the former Minister of Agriculture (Mr. Motherwell) and he has been praised by hon. gentlemen on the other side. A minute ago the hon. member for Red Deer praised his work but the whole basis of cooperation in connection with that work was voluntary and not compulsion.

Mr. SPEAKMAN: Might I—

Mr. LAPOINTE: I would be obliged to my hon. friend if he would allow me to proceed. I admit that I am not enamoured with the phrase "compulsory cooperation" which I have heard used by so many hon. members during this debate. It is a contradiction of terms.

Mr. GARLAND (Bow River): One of its advocates sits immediately beside the hon. member, the former Minister of Agriculture.

Mr. LAPOINTE: I do not agree with my hon. friend; does my hon. friend refer to the former Minister of Agriculture?

Mr. GARLAND (Bow River): I am afraid so.

Mr. LAPOINTE: I must differ from the former Minister of Agriculture on this. I repeat that compulsory cooperation is a contradiction of terms. It is something like virtuous vice; it is something like benevolent tyranny; it is something like diabolic sanctity; it is more like Liberal Conservatism.

An hon. MEMBER: Liberal Progressives.

Mr. MOTHERWELL: These hyphenated names always get into trouble.

Mr. LAPOINTE: I believe that governments are not the best qualified bodies to handle merchandizing or marketing. These things should be left to private initiative. The experience of the past shows that there has always been failure when this had been tried, whether in cotton, in wheat, in coffee or anything else. The Minister of Trade and Commerce has referred to the old shibboleths —many people like to use this term—of supply and demand. The free encounter of seller and buyer, competitive prices, the decision as to markets and as to the raising or lowering of prices have always proved to be and I believe always will prove to be in the future a better regulator of human energy than any board, whether national or provincial. I do not believe in price control, in heavy restrictions and in artificial scarcity. I believe in freedom even if it brings me the sneering comments of some of my hon. friends to my extreme left. Many arbitrary and undemocratic measures have been enacted not only in this country but in the world. We are starting now under the disguise of planning. That word "planning" seems now to cover everything. Everybody becomes a planner; even the Solicitor General (Mr. Dupre) has become a planner and after having asked me the whole summer of last year whether I was going to the right or to the left, I wonder whither he is going now?

Mr. HANBURY: He is up in the air.

Mr. McINTOSH: He is in the air.

Mr. MOTHERWELL: He was the lay reader for the bill.

Mr. LAPOINTE: Where, after all, did this wonderful planning start? It started in Russia, extended to Italy and finally Germany caught the infection.

Mr. MacINNIS: And British Columbia.

Mr. LAPOINTE: I will deal with my hon. friend in a minute.

Mr. GARLAND (Bow River): Under a Liberal government.

Mr. LAPOINTE: I see it is my hon. friends to my left who do not like my remarks. I am surprised at that. I will ask them to use their patience for a little while.

Of course the Russian communists went further than most of the planners in other countries. They abolished all private capitalism. They took charge of all imports and exports, hours of work, all conditions, everything exactly like conditions governing soldiers and sailors elsewhere. They organized a big planning unit in Russia, the head being at Moscow and extending to every remote part of the territory. They called it the All Union Planning Commission. They had a national planning commission at Moscow, a planning commission in every one of the seven what they call constitutive republics of the soviet, and also one in every one of the thirty so-called autonomous republics of the union. Then there was one in every little section and territory but all welded into a big whole, working under the direction of the state. Under this system Russia has become a trading unit, and if the system is a success, Russia will be the greatest trading corporation in the world. Of course it shoots any peasants or old-fashioned people who do not believe in being planned in that way. Our own bill is a mere kindergarten compared with the planning of Russia. Here they satisfy themselves with misrepresenting those who oppose the bill.

In Italy a different method was adopted. There they did not do away altogether with private ownership, but they organized the state into many corporations, guilds, also all under a commission of their own and welded into a unit, the result being that at least part of the individual freedom of the subject is taken away.

In Germany the system is still in an immature state and cannot be fully appreciated and criticised. It is still subject to variation according to the whims of the restless chancellor. But one thing certain is that there is always an armed policeman pretty near representing the chancellor and there to see that the planning is well done and observed by everybody. Sir Norman Angell, speaking of those various dictatorships, said that they represent the psychology of the lynching party. Whatever my friends to my left may think about my views these are things that I cannot swallow and that as a Liberal I shall never digest.

Last year it was my privilege to be invited to a debate held at Hart House by the debating society of the university of Toronto. It was being conducted under parliamentary rules; there was the government on one side and the opposition on the other. I was defending Liberalism along with two of the students of the university against three opponents. The debate was a very interesting one of course until I spoke, but one thing which I remember and which I thought was

rather bold when it was stated at the time but which seems to me now rather reasonable, was this: of course in the university there is a strong element of those who do not recognize either the Liberal or the Conservative party as their affiliation; they are Fabians, Marxists, communists, C.C.F.'s and many other denominations. We did not know which way they would vote and the Conservative debaters made an appeal to them, telling them that after all Tory policy and communist policy are both based upon the same theory, both based upon the interference of the state in the private business of the citizen. They offered along those lines a strong argument which I had some difficulty to repel successfully. We, however, won the day.

Mr. MANION: You should have won it after an argument like that.

Mr. LAPOINTE: I see. That is why in this house certain associations on this bill may not be so queer as they look when we first see them. Heaven forbid that I say about my friends to my extreme left what their new associates were saying about them last year and for the last two years in my province. They were wrong when they were saying that, but I know my hon. friends will not say I am unfair when I state that they are more to the left than we are. They represent a more extreme left than we do. We are witnessing a union of the extreme right and the extreme left on this bill. It was noticeable during the speech of the hon. member for South Vancouver (Mr. MacInnis); he was pleased to quote the words, many of them, of the hon. member for Quebec-Montmorency (Mr. Dorion) and he said: That is our doctrine; that is exactly what we promulgated at our conference in Regina last year. I admit I was surprised to find these two gentlemen standing side by side.

Mr. DORION: Not exactly.

Mr. LAPOINTE: Well, it will be for my hon. friend to try to extricate himself from this embrace. But coming back to the hon. member for South Vancouver, he said something to which I wish to allude. He said: "Hon. gentlemen to my right are speaking all the time of liberty and freedom, and it gives me a pain in the neck." Well, sir, I must tell my hon. friend that I am a Liberal, and I still believe in liberty and freedom, freedom of association, freedom of speech and freedom of exchange, even if it gives him a pain anywhere in his anatomy.

I want to refer to the stand taken by the Labour opposition in Great Britain as to the marketing act of last year. Of course the word "planning" was borrowed by Mr. Elliot from Mr. Cole. They approved of the principle of the bill, and I am not surprised at that. But they moved an amendment that all lands should be nationalized, because they said that it is the logical conclusion.

Mr. HANBURY: So it is.

Mr. LAPOINTE: It is only piecemeal planning that you are doing; their stand was for the nationalization of the land. I shall quote from an article of the Right Hon. Doctor C. Addison, M.P., one of the leaders of the Labour party, stating what their aims are with regard to that marketing act. He says:

> The powers that would require to be taken would be these:
> (1) Power to conduct purchases and control supply and distribution on national account, as far as necessary.
> (2) Power to control the prices and the charges of distribution.
> (3) Power to ascertain costs and to fix fair prices.

And for the long term policy the powers that would be required are:

> (1) Power to plan land development.
> (2) Power to give effect to the plan by possessing.
> (a) Power to make the best and wisest use of the land;
> (b) Power over prices, including marketing, distribution and costs right down to the consumer; and
> (c) Ability to create the machinery for securing the progressive development of the plan.

Mr. Cole, who is a Labour authority in the matter, in an article entitled Planning International Trade, does not like the planned economy under capitalist conditions. He says:

> What is doubtful is whether a planned economy introduced under capitalist conditions can possibly so establish itself in face of the powerful vested interests with which it will have to deal as to exercise the degree of control over the use of national resources necessary to afford a sure foundation for a system of internally planned production and trade.

And further:

> Under such conditions national planning will lead, not to the regime of plenty which is now well within the world's grasp in view of its greatly expanded productive power, but to a perpetuation of scarcity, and to the shutting up of each developed country more and more behind a wall of economic nationalism, save to the extent to which the stronger countries are able by the methods of economic imperialism to force their way into the markets of the weaker and reduce the smaller countries to the position of satellites.

I should like to read more of Mr. Cole's article, but time does not permit.

Of course the socialist opposition there accepted with great cheerfulness all the new methods of dealing with the constitution, orders in council, minister, officials and boards being substituted for the authority of parliament. On May 29, 1932, in the report stage of the agricultural marketing bill, Sir Herbert Samuel moved an amendment to omit a clause providing that:

—the making of an order in pursuance of this section shall be conclusive evidence that the requirements of this act have been complied with.

The Labour party did not vote against it; they were delighted with the provision. What did Sir Stafford Cripps say? I quote:

This is an excellent precedent, which will be followed widely in the future, and seems to us in every way to be desired. We shall be delighted when on future occasions (as ministers) we have to draw the attention of hon. members opposite to the excellence of the precedent.

Again, on July 5, 1933, when an order made under the Import Duties Act was being discussed, Sir Stafford Cripps on behalf of the Labour party said:

We desire to put it upon record decisively that this is a mode of procedure which, if we get the opportunity, we shall adopt in an increasing measure. ... We hope we shall be able to utilize it for just such measures as the transference of the national wealth from one lot of people to another.

Nothing can better serve the purposes of those who desire to break away from the constitution and not be hampered by its provisions than this bill. I do not mean to suggest that all who favour the bill would favour the implications which I suggest. They certainly would protest against anything which would operate exclusively along the lines I have mentioned, but we are entering on the road which leads in that direction.

The most perfectly planned society is an army. All the fascist and communist countries have organized their planned economy on a military basis and along military lines—l'état major, the staff which does the planning, captains and officers, then the officers who deal more directly with the rank and file, and then the rank and file which has to accept and submit to everything, as it is done in an army.

Mr. ST-PERE: Sometimes shoot them.

Mr. LAPOINTE: These planners have, of course, great confidence in the power of men to govern other men they think they are best suited to decide what is best for the individual farmer or the individual industrialist. That is the state of mind necessary for the success of national planning. I quite admit it. But those who do not like this way of dealing with the people of a country cannot accept this. The rational method of dealing with the difficulties of the farmers at the present time I submit would be to try to increase the purchasing power of the consumers, to try to enact tariff and other economic legislation in such a way that people in the cities, towns and villages would be able to buy the products of the farmers and other producers instead of being forced to live on bread, potatoes and things of that kind, as thousands to-day are forced to do. In my view, to be at all effective a system like this must be universal and must be applied to all kinds of products. If, by reason of these regulations, the prices of some articles go higher while other prices stay where they are or go lower, all the farmers will try to produce the articles selling at the higher prices, and there will be a glut on the market. That is unavoidable. You cannot force the consumer to buy where prices are higher; he will buy where prices are lower, and he will buy from the unregulated producer if he can get better prices there.

We are entering lightheartedly on the very difficult task of controlling thousands of small, unregulated farmers. As I said before, agriculture is a long range industry, in which you have to plan for years in advance. It is subject to changes and modifications of which the individual farmer is a better judge than any board sitting in Ottawa, Quebec or elsewhere. The economic planner, whether in Russia, Italy, Germany or elsewhere, seems to forget the human mind. There is a difference of mentality as between peoples and as between individuals. Russia can have its economic planning; Italy and Germany can have their plans, but I do not believe Canada will ever submit to any system which will make the state the master of the individual. I know the Quebec farmer, and I think the other farmers of Canada are much the same. The Quebec farmer will never submit to this system; he will never agree that his judgment should be subordinated to the judgment of any board however it may be organized. When the depression ends—and it will end—I submit that those planners will disappear like the night birds that are chased away by the sunshine. The Canadian farmers will remove this restriction on their liberty, and they will never accept what may be quite acceptable in a socialized state. Great institutions are rooted in the life and the habits of a nation and should not be subjected to

sudden changes. We cannot tear ourselves loose from our history and adopt unfamiliar and exotic arrangements which may be quite good in other countries and for other people. Historical, geographical and racial conditions in Canada will make those changes not serviceable to all the producers of our country in the same way. Paternalism is not what has made Canada what it is to-day. Regimentation is not what has made Canada a great success. Neither paternalism nor regimentation will make Canadians the great people they are destined to be. This bill represents an organization of bureaucracy, and if I have time I should like to quote a sentence or two from the May edition of a review entitled Canadian Business, which is not a political paper. Dealing with this bill this review states:

> The oft repeated term "governor in council" in the bill leaves an indelible inference in the reader's mind and in making the act effective the government should remember that the control of commerce by such means tends to make trading uncertain and traders reluctant to make forward contracts.

The writer continues to declare against the element of compulsion. If I had time I should like to read a resolution adopted by the farmers of France protesting against a plan of this kind which they said was against French mentality and was conducive to chaos and fallacy.

I am told that I am at the end of my time, Mr. Speaker; perhaps the house does not regret it but I do, because I have something else to say. In conclusion, however, may I merely direct the attention of the house to the topsy-turvy policies of the government. In this bill they are trying to control nationally what is private business. In the Bank of Canada Act they control privately what is national and public business. Here we have absolutely two different standards, and in order to be logical I think the government should reverse the policies embodied in those two pieces of legislation.

Hon. MAURICE DUPRE (Solicitor General): Mr. Speaker, I did not know that my hon. friend the ex-Minister of Justice (Mr. Lapointe) would address the house, but perhaps I may be forgiven if very humbly I try to answer some of his remarks. I think my hon. friend has drawn a rather dark picture of the bill under discussion. It is not as bad as he says. He calls it a leap in the dark. May I say that the right appellation is a leap forward. He calls it also a sort of regimentation, while on our side—and I think this is the right interpretation—we call it a measure to create cooperation and bring about mutual help among the classes. This is the difference we see in the interpretation of this measure.

After having listened with great care to what I may call the charge of the ex-Minister of Justice against the bill I have come to the conclusion that he has not given a real argument against it. We must be satisfied with his "ipse dixit." Of course, the high personality of my hon. friend may carry a certain weight, but I would have preferred precise arguments against the bill, based on the provisions of the bill, to the ipse dixit of my hon. friend.

My hon. friend stated that this bill will not help the producers, and that the farmer is the best judge of his own requirements and necessities. With the last point I agree; there is no doubt that the farmer is the best judge of his requirements and necessities. But it is for the farmer to say whether or not he will profit by this measure; it is for him to say whether or not he will use the machinery provided by it. There is no compulsion on the farmer to accept and to use the provisions of the bill, and there is no regimentation.

My hon. friend referred to the stand I took last summer during the course of a campaign in the province of Quebec. He was referring to the question I put to him wherein I asked him whether he was going to the right or to the left. The hon. member did not give this House of Commons the answer he gave me. He told me he was not going either to the right or to the left, but that he was going forward.

Mr. LAPOINTE: Straight ahead.

Mr. DUPRE: Surely my hon. friend should be satisfied because in this measure we are going forward. The reason why I asked my question was obvious. The electors of Canada at that time did not know exactly where the Liberal party stood. They listened to my hon. friend in the counties of Bellechasse and Lotbiniere when he stated that his party was going forward, and not to the left. Only a few days before that we had listened to the declaration made in the western provinces by his right hon. leader (Mr. Mackenzie King) to the effect that at least three-quarters of the third party platform could be accepted by the Liberal party. Only a few minutes before or after the truly remarkable speech of the ex-Minister of Justice at St.

Flavien in the county of Lotbiniere, on the same platform we could hear the Hon. Mr. Taschereau, premier of Quebec, summoning the ex-Minister of Justice to oppose any bill establishing a central bank.

Mr. LAPOINTE: He did not succeed.

Mr. DUPRE: Therefore we may be forgiven if at that time we did not know where the Liberal party stood. We remembered the fact that we had listened to speeches delivered in this house by my hon. friends opposite—I mean the Liberal opposition—

Mr. HANBURY: Not your new friends.

Mr. DUPRE: —against section 98 of the criminal code, and we knew that at that time the same Mr. Taschereau, premier of Quebec, was in favour of section 98 being inserted in the criminal code.

Mr. BROWN: Taschereau is a Tory.

Mr. DUPRE: Therefore we had before us all these contradictions; and I have not mentioned the declaration of the Liberal party which, before the last election, stated it was in favour of the St. Lawrence waterway scheme, despite the fact that their Mr. Taschereau had called the waterway scheme a national crime. We did not know where they stood, and we were asking the question of the ex-Minister of Justice.

In a few words, what is this measure which has been denounced by the ex-Minister of Justice? It is a measure designed to secure for the Canadian farmers a more orderly marketing system.

Mr. LAPOINTE: Would my hon. friend excuse me? I have to go to the banking committee.

Mr. JACOBS: He is going there to support the central bank.

Mr. DUPRE: This measure is to promote a more orderly marketing system than that which at present prevails, one which without unfairness either to distributors or to consumers will operate to their financial advantage.

Mr. HANBURY: Where in the bill is there reference to the consumer?

Mr. DUPRE: The bill is designed—and I hope this will be understood—to prevent manipulation and exploitation. I do not think that the Canadian farmers would be opposed to any measure which in our estimation would prevent manipulation and exploitation. The bill provides machinery for regulating the movement of products in such a way as to tend to stabilize prices. It has been ofter said by my colleague the Minister of Agriculture (Mr. Weir) that the bill does not provide for price fixing or the restricting of production. That is one point which seems to be forgotten when the bill is under discussion. Referring to the measure I find that it is designed to establish a dominion marketing board to regulate the marketing of natural products, which board will cooperate with local boards and any marketing board or agency established under the law of any province to regulate the marketing of any natural product.

Before we proceed to the second part of the bill we find in part I the procedure whereby the bill may be made workable. It gives the government power to limit or to restrict the importation of a product which is competing with a product subject to regulation by a board. I do not understand—and the fact that I do not understand may be proof that I am wrong—how farmers can be opposed to a bill which will impose some restrictions upon products competing in a nasty way against their own products. The bill gives the power, further, to restrict the export of products from Canada when it is in the interests of producers to impose such restrictions. But the producers themselves are the people who will say whether they want restrictions of imports or exports.

Mr. MACKENZIE KING: Where do you see that?

Mr. DUPRE: The second part of the bill provides for the determination of investigations, and so on. Representations were made first by farmers' organizations in western Canada, and then by organizations in central and eastern Canada stressing the necessity of the dominion government's enacting such legislation. I submit that this is a democratic measure, and I do not see why as such it should not be enacted by a Conservative government or a Conservative party.

Mr. MACKENZIE KING: Would the minister allow a question? I did not wish to interrupt him in the course of his remarks. A moment ago he said it would be for the producers themselves to say when there were to be restrictions of imports or exports. Where does he find that in the bill?

Mr. DUPRE: That will be done by local boards and the federal board. The local boards and the federal board are controlled by the people who take part in these activi-

ties, and those people are the producers or the farmers. That is my contention. They will speak for themselves, and decide what attitude they should take, namely as to whether they would be in favour of or against restriction.

Mr. Speaker, these are the few remarks I wanted to submit in answer to my hon. friend from Quebec East (Mr. Lapointe). He has tried to be witty and has spoken of the new policy of the Conservative party. There is no harm in that. So far as I can see we shall continue to move forward and to initiate, and if we are to believe what my hon. friend from Quebec East says, the old Liberal party of Sir Wilfrid Laurier, thanks to the new leadership, instead of being a progressive party, will become retrogressive and reactionary.

Mr. MACKENZIE KING: Before the minister concludes, may I say that he did not answer my question? I asked him where he found in the act a provision which allows the producer to say when imports or exports are to be restricted.

Mr. DUPRE: My right hon. friend remembers perfectly well the discussion that we had of that point in committee and the statements that were made by my colleague the Minister of Agriculture. I have not the act before me at the moment, but my right hon. friend knows that the boards will decide what policies they are going to follow, and if they decide in favour of restriction they will make regulations accordingly. That is the procedure that will be followed, and it is for the board, not for the government or any party, to decide.

Mr. MACKENZIE KING: I am afraid the minister has forgotten a part of the bill, because what he says applies only to its early provisions. The part relating to restriction of exports and imports appears by itself under a distinctive heading. It is a paragraph by itself, section 12. It says the governor in council may restrict, and it is only the governor in council. There is no clause anywhere in the act which gives the producers the power to tell the governor in council what to do.

Mr. DUPRE: The governor in council will pass orders in council after having received suggestions from the local board, and regulations will be made accordingly.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVILEGE—MR. HEENAN

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, on a question of privilege. On Friday, May 25, the hon. member for South Essex (Mr. Gott) quoted from a statement which I had made at page 3349 of Hansard in which I corrected a statement which he made with respect to my expenses as Minister of Labour. After he had quoted what I had said he went on to say:

> I have no desire to do an injustice to any hon. member. If that statement is not true, I wish the hon. member had given the correct figures,—

That is, if his statement was not true, I should have given the figures. Then, Mr. Speaker, you permitted him to make a further statement as follows:

> —because his total personal expenses for 1929, exclusive of his sessional indemnity and ministerial salary, were $9,291.

Let me say, standing here in this House of Commons, that that statement is not true. He then proceeded:

> His total personal expenses from 1926 to the end of his term in office were $16,691.

Again let me say, standing here in this House of Commons, that that statement is not true either. I should like to be given an opportunity at the proper time to compare my expenses with those of any member of previous Conservative governments or of this government.

MARKETING ACT

ORGANIZATION TO IMPROVE METHODS AND PRACTICES IN MARKETING NATURAL PRODUCTS

The house resumed consideration of the motion of Mr. Weir (Melfort) for the third reading of Bill No. 51, to improve the methods and practices of marketing of natural products in Canada and in export trade, and to make further provisions in connection therewith.

Mr. W. H. MOORE (Ontario): Mr. Speaker, I desire to congratulate the Minister of Agriculture (Mr. Weir) upon having carried out an extremely arduous task. At times we have disagreed; at times I have felt that he was not giving to the committee and to

the house the full information which he possessed, but at least he kept his good humour.

As the minister said to-day, this bill is designed to deal with the very serious gap which exists between the producer and the consumer of natural products. This is not a new matter; it is an old one and one which this house and the legislatures of this country have had under consideration for many years. We have dealt with it in a political way and our way affords a good illustration of political industry or government intervention in industry. It seems to me that the most sensible thing to have done would have been to analyze the causes of and the items which go to make up this gap. May I illustrate what I mean? There is the long haul, the short haul, the matter of cost of delivery; there is waste, insurance, conversion costs and, above all, the risks of the market. We have not entered into those matters. I followed the work of the committee fairly closely. To-day the minister complained—quite properly so, as far as I am concerned—that he had had no constructive criticism. But he will remember that at the commencement I said I was opposed to the compulsory features of the bill. I could not see how I could make a compulsory act of service to the country, and frankly I did not try. I felt that the government should take the responsibility.

At the closing hour of the house this afternoon, the Solicitor General (Mr. Dupré) referred to this bill as a forward movement. He referred also, as did other speakers, to the price spread features in the second portion of the bill. That is not a forward movement. The Solicitor General is a student and I fancy that he can find many quotations in Piers Plowman which will illustrate the argument which has been offered against price spreads. He is a lawyer and well versed in the history of the law and I have no doubt he will remember a case which we were told was rather famous, that of Rusby who was tried in 1800 for having made an excessive price spread advantage in the wheat market. He was fined and reprimanded by the court. Those who are familiar with the matter will remember that there were riots and the populace visited the home of Rusby and sought his life. Merchants were denounced as extortionists, particularly those in the wheat trade, but what happened? The merchants abstained from the market and the results were just the reverse of what was expected by the court and by the legislature.

I am very fond of the Minister of Trade and Commerce (Mr. Stevens)—I hope he does not mind. I followed with a great deal of interest what he said in the budget debate because it bore upon this matter. He will recall that as reported on page 2641 of Hansard he referred to the revolution that, mind you, had taken place in the economic life of the country. He referred to this over and over again during his speech, and as reported on page 2653 of Hansard he used these words:

> I have endeavoured to make clear to the house that new and momentous changes have taken place in the economic structure of the world, changes which forever bar us from a return to the old methods.

That is pretty strong language. Reading that, I had a very pessimistic outlook upon the future of this country, but the minister buoyed me up this morning when I received a bulletin from the bureau of statistics over which he presides, and without the advent of this legislation, without destroying individualism, without subjecting the individual producer to the action of the mass, I find the Minister of Trade and Commerce saying:

> The index of economic conditions, maintained by the Dominion Bureau of Statistics, showed a gain of more than 20 per cent in the week ended May 26 over the same week of last year. The standing for last week was 94.0 compared with 79.3 in the week ended May 27, 1933, the index being expressed as a percentage of the average for the base year of 1926.

I have no desire to tell the minister what he should do as a member of this government, but if I were a member of the government I should be inclined to take some credit for having brought about improved conditions, although of course I should realize that the improvement had come about, as the minister appreciates, through the energy and the activity of individual Canadians in their ordinary vocations of life.

The Minister of Agriculture to-day, as did the hon. member for Red Deer (Mr. Speakman), referred to the haphazard manner in which we have been marketing our natural products. I wonder if that statement is quite accurate. The minister referred to the object of this legislation as orderly marketing, as stabilization, and I was given the impression that we lacked those things because of excessive individualism. I wonder if that is quite accurate. The hon. member for Melville (Mr. Motherwell) told us that he had prepared the way for this bill; that he had taken steps which led to the first stage. Well, we know that throughout the world since the war there has been a tightening of control of

production, not only of natural but of all products. That came about naturally through the war and it was only gradually released. The control was not quite so strong for a few years and since then it has been growing stronger and stronger. Then we had collapse. Can anyone say that that collapse came because we had had too much freedom of trade internally or externally, or are we to say that it is because we have had too much control? If we have had too much control and then collapse, are we to get out of collapse by further control? I have in my hand the monthly summary of February, 1934, of the League of Nations. I cannot say that I always agree but they have given this as a very definite statement. After showing, I am glad to say, that Great Britain and Canada are leading the way in recovery, they have this to say, speaking of the recovery:

> For how long will the process of recovery and development on the national markets be maintained unless there is a corresponding return to freedom and confidence on the international market?

I say that that applies also to the domestic market. I would say that we are making our recovery as against the nations of the world because we have better maintained our freedom. The hon. member for Quebec East (Mr. Lapointe) to-day ventured into economics; he spoke of the shibboleth of the law of demand and supply. The Minister of Trade and Commerce, I think, used the phrase and rather offended me because I have always believed that even governments have to take that into consideration. If I remember aright, when the minister made his speech he must even then have been considering the demand from his own province for assistance from the supply of the federal government.

Mr. HANSON (York-Sunbury): That is another kind of commodity.

Mr. MOORE (Ontario): So far as natural products are concerned there is a peculiarity; we know that. The Minister of Agriculture will recognize that the demand is comparatively inelastic; in good times and bad people must be fed, but the supply is variable because of the climate. That gives rise to a peculiar condition, and I would have the minister and particularly the Minister of Trade and Commerce just remember the nature of effects of demand and supply in connection with natural products. There is no shibboleth. Some years ago, in 1928, the leading economists of Australia contributed to a volume called The Economic Record, a marketing supplement, and Professor Copland, whom the Minister of Trade and Commerce will recall for the work he has done for the League of Nations, quoted this statement from Macklin:

> It is a common thing to hear farmers say that "the wicked law of supply and demand" is to be destroyed by the machinery which organization brings into operation.

I believe that is the so-called object of this bill.

> These, however, are mere suppositions on the part of people whose supply of facts is too limited to enable them correctly to judge the objects and accomplishments of efficient competitive marketing. In California, where almost every kind of farm product is being marketed by highly integrated marketing systems, the idea of organizing to overrule the law of supply and demand was discarded long ago.

By reason of the variable changes in production of natural products quick judgment is required in their marketing. A man must make snap judgments as to buying and selling; therefore you have exchanges where goods are bought and sold. You have men on one side buying or selling because they own and are ready to take risks. I would have the Minister of Agriculture consider whether the pools have not been at a disadvantage because by reason of their size and the position they occupy they have sometimes hesitated to exercise quick judgment. On that matter I should like again to make a quotation. Before I do so may I say that the minister somewhat resented my citing authorities; he said, giving me more credit than I deserve, that I might cite an authority to prove anything. But I shall give statements of a number of professors of political economy and later of a pool manager from Australia as to the result of legislation almost precisely similar to that which we are now about to enact.

Professor Wood of Melbourne university makes this statement—and this bears upon the effectiveness of marketing by the individual in contrast with a pool. He says:

> It is notable, however, that cooperatives have rarely entered into the actual merchanting, which is generally in the hands of private traders and specialized firms. Further it may be remarked that there are very few big shareholding companies engaged in the actual shipping of grain, and the significant reason seems to be that the individual merchant specialized in grain trading has proved too alert, well informed and capable as a competitor for cooperative and public companies, which, by contrast, are too slow to function in a strongly competitive business of this character. Rapid decisions and shrewd judgment are the indispensable qualifications for trading in a commodity which is liable to such rapid fluctuations in price.

I do not know that I could put the matter more strongly. I would have the minister

bear in mind that that is not the offhand view of a theorist but the opinion of a professor of economics in Australia who has carefully studied the results of this sort of legislation. The point is the centralization of judgment. On the exchange, when members on the other side of the house buy and members on this side sell, some of us make mistakes, but one mistake washes out the other. When someone acts—and it must be someone of just ordinary judgment—for all the producers and makes a mistake then you have a big mistake, and all the producers suffer. If things go well—and things do go well and do go badly alternately—you have the varied results.

I have heard much during the debate about orderly marketing and letting supplies go on the market in an orderly way as required. That means holding back supplies when someone thinks they are not required. I am not going to quote an opinion on that matter but I would refer the minister to the fourth report of the Imperial economic council at page 79, where the opinion of the council is given that that sort of action has led to disaster. I will go further and say that that sort of action throughout the world has largely contributed to the crisis, industrial and otherwise. We have had big pools formed, and when the market was unfavourable they built up the stop logs of their dams higher and higher and higher; then came the break, and we had that strange thing called poverty amidst plenty. Those pools have not succeeded; there is nothing plainer than that in the world. When they failed the pool managers said: "It is not our fault; it is not the fault of the pool; it is because we have not had a monopoly." Thus they have worked from one stage to another, from contract penalties and moral coercion until when those things failed they said, as is being said here now: "Call in the police." Well, I object to coercion in economic matters. I was taken to task for my objection the other day by the hon. member for Winnipeg North Centre (Mr. Woodsworth)—I am sorry he is not here. In his absence I shall only say that we differ as to the objects of coercion. He holds strongly against coercion when it comes to section 98 of the criminal code; I hold with coercion in that particular. He would coerce a man from selling potatoes or cabbages; I would not, so frankly we have a difference of opinion. But I will say this, that if any institution, be it private or public, cannot compete, then it is not competent. If the pools could not give service to the producers to compete with other services, then the producers will not get service when they have a monopoly. I will go further; the pools will give an even less efficient service. Again I will give authority; I go back to the marketing supplement prepared by the economists and the pool managers, and I shall give a quotation from J. Thompson who was manager of the Westralian Farmers Limited, which is a central organization of the co-operative movement in Western Australia. Mr. Thompson ought to be an authority, because he is manager of a big pool. He makes this statement:

> Nothing is more disastrous than to find cooperative concerns advocating compulsion merely because they are unsuccessful in fighting proprietary concerns. After it has been properly established, a cooperative society should not demand support from a sense of loyalty from its members when it is unable to deserve that support by its efficiency.

May I go a step further—because I have said I am going to quote authority, and I can think of none better than Mr. Thompson—and say that under the scheme that is now advocated the producers will not get efficient service. He says:

> Another phase of cooperation which is frequently to the fore is that of compulsion either by control boards, by pools or by regulation. It is our experience that compulsion leaves wide the door for inefficiency in administration.

If it is inefficient we know that it is going to be ineffectual. We in Ontario know that. You cannot enforce monopolies of that sort. The government of Ontario have tried for years to enforce a liquor monopoly. Now they have thrown up their hands; in spite of what the hon. member for Winnipeg North Centre has said, they maintain that they could not find enough policemen and informers to enforce the monopoly. If they cannot do that, how can they find enough people to enforce all the fruit, vegetable and other monopolies contemplated by this bill?

I do not want to dwell unduly on these matters. When I spoke first I really thought I was warning the government that it had made a mistake and was going down the wrong road. I thought it was misguided by the signboard on which it had seen "Marketing Bill" and that it was hurrying down to the left without noting the direction. I thought it my duty to warn the government, because I will frankly admit what hon. members of this house know, that I have not always opposed the measures that have been brought in by this government. I have had a great deal of confidence in it. When the Minister of Agriculture (Mr. Weir) said in the house that Queensland was the pioneer state of this sort of legislation, I knew it all

the time but frankly I was disappointed that the minister knew it because, as I pointed out, Queensland was the home of socialism. It is not a state from which we can well take any object lesson; it has only about thirty thousand farmers. I understand that since 1915 there have been no grants of freeholds; they have adopted the socialist policy of granting leases. I will tell the minister that if he studies the agricultural growth of that pioneer state he will be shocked, because it has had no growth. It is part of a sister dominion, and I do not want to say anything about its credit, but I should like the Minister of Finance to pay some attention to the credit of the states that have adopted this sort of legislation.

It is very hard for me to believe that the good old Conservative party are travelling down the left road. I am satisfied, and I believe it my duty to say so, that if they do not have a collision with other people that are on the road—to my left—they will surely ditch their car. I really thought I had developed something new when I was warning this government, but the Minister of Agriculture rather shocked me when he made this statement:

> The whole principle of our democratic institutions is that the majority be given power to effect what they think is the best interests of the community.

And mind you, Mr. Speaker, he was speaking with regard to compulsory legislation and economic effort. Surely that involves a mandate, not from producers alone but from consumers as well, if that principle is to be carried into effect, and I doubt very much whether the Prime Minister (Mr. Bennett) will approve of that principle. You know we have had these elections before as to economic effort. When I was speaking on this bill previously—and I do not intend to repeat anything I then said—I directed the attention of the minister to the move of William Lane when he took his colony to Paraguay and there established the first communist settlement, which failed utterly. They had there a system by which the producers worked together in groups. When they disagreed they rang a bell, which brought them together. They kept ringing the bell so frequently that they got very little work done. Surely the provision that is being made under these acts for elections is simply a repetition of the ringing of the bell. They have done that in Australia because they have not been successful, and every time they have been unsuccessful they have rung the bell for more money from the treasury or from the people. In this book—and I should like the government to have access to it; I managed to borrow it—Professor Giblin has a chapter on Some Costs of Marketing Control. I want to give just a few of them. At page 151, speaking of butter, he says:

> Whatever the cause, the excess Australian price during these four months adds very considerably to the cost of protection; but as it may be considered under the circumstances as mainly a cost of protecting the home market (with which I am not here concerned), rather than as a cost of protecting exports, I need not pursue it further beyond deducing that the total cost of protecting the industry, both home consumption and exports, against New Zealand, appears to be about 4d. per pound on butter consumed, or £3,000,000 per annum.

At page 152 he gives the costs of sugar:

> The excess cost in Australia is therefore over £4,000,000, which may be taken as the total cost of protection per annum, exclusive of the cost of protecting the refineries which is included in both Australian and New Zealand prices.

In connection with dried fruits he says the cost to the country is 120,000 Australian pounds per annum. In Australia they also have a wine export association, which is not a compulsory pool. I wonder if I may just trouble the minister with a quotation in that regard. Windett in Australia as Producer and Trader at page 128 says:

> In the seven years 1924-5 to 1930-1 the sum of £1,475,812 was paid as bounty on wine exports on a trade which aggregated over the period £3,945,000. The aggregate bounties paid thus amounted to 37 per cent of the value of the wine exported.

Now taking our own position, we can recall that every time we buy two bottles of Australian wine someone touches the bell and says, "Have one on Australia." How long shall we permit that? How long will our wine producers permit that? How long can the country of production stand the cost? It means debt. Only a few weeks ago the Australian parliament considered a wheat bonus, and I understand they have decided that a part of it shall be thrown on the cost of bread and part shall come out of the public purse. As the result of ringing the bell, by processing taxes we are following the path of competitive subsidies. Speaking on the budget debate the Minister of Trade and Commerce made a similar reference when he spoke of the difficulty of shutting out subsidized products. I should like to give this little bit of advice, whether it is accepted or not, that when our representatives go to Geneva they could do nothing better than to initiate a movement for the prevention of subsidized exports. We are all going to be ruined; we

are going into bankruptcy if we are to have general competitive subsidies of exports. So far as Canada is concerned I think we should enact the sternest customs legislation against the admission of subsidized products. I do not know whether I can carry the hon. member for Weyburn (Mr. Young) with me in that regard, but I would try very hard to do so.

Mr. GARLAND (Bow River): Or the ex-Minister of Justice.

Mr. MOORE (Ontario): I would try also with the ex-Minister of Justice.

Mr. LAPOINTE: You may try your luck.

Mr. MOORE (Ontario): This government has a very serious problem. I know of no government that has been burdened with more problems than has this government during the past two or three years. The problem in western Canada is most serious. Irrespective of politics I would say that the position in western Canada had been brought about largely by government intervention. I believe that this government should face the situation. When anyone has been running fast in one direction he cannot turn around and run fast in the other.

Mr. SPEAKER: The hon. member has spoken forty minutes.

Some hon. MEMBERS: Go ahead.

Mr. MOORE (Ontario): I have no desire to trespass upon the time of the house.

Some hon. MEMBERS: Proceed.

Mr. MOORE (Ontario): Is it understood that I may go on for a few moments?

Mr. VENIOT: No objection has been raised.

Mr. F. H. PICKEL (Brome-Missisquoi): Mr. Speaker, I have no desire to prolong the debate, but there are a few observations I should like to make on the third reading of the bill, and especially after listening to the comments by hon. members opposite. I should think the house would agree with me when I state it is my impression that the ex-Minister of Justice (Mr. Lapointe) left the farm when he was very young. He is not in favour of price fixing. He wants to get cheap butter. I wonder if he is just as liberal towards price fixing in connection with legal fees, judges' fees, superannuation, doctors' fees, notaries' fees, and fees for other professional men. In the present measure we are not asking for price fixing; we are not asking that the price to the consumer be increased. All we are asking is that the farmer should get his just share of what is paid by the consumer for his products. That is what we are after.

I should like to refer to only a few commodities which affect all the farmers in Ontario and Quebec and in the maritime provinces. I cannot see how the present measure will affect the price of wheat to any great extent, nor can I see how it could greatly affect the price of beef, except to the extent that poor quality beef might be kept off the market. The principal products of farmers in Ontario and Quebec are butter, eggs, pork and milk. To-day we hear nothing said about the price of pork, because thanks to the imperial preferences we are receiving three times as much as are the producers on the other side of the boundary line. One may note that in the spring of the year the price of these products is depressed arbitrarily by the middleman; it is fixed by him. I think it was the ex-Minister of Agriculture (Mr Motherwell) who said that we were stirred up simply because of the depression, but I say to him that this condition has existed for years. The middleman says, "We will pay so much this week," and through the summer as long as the farmer is producing the price is kept down to that level. Eggs bought to-day in the west at seven or eight cents a dozen are being placed in cold storage, and this fall and winter we shall have to pay forty cents or fifty cents a dozen for them. Is that right?—not much. They are doing the same thing with butter. This fall the storage houses will be filled with butter; they will have the whole season's make right there in one large quantity. We talk about supply and demand; six months' supply of butter will be right there in storage. Then those middlemen send the price up to thirty or thirty-five cents per pound. The farmer does not get any of that; it is no satisfaction to him to know that butter is thirty-five cents a pound or eggs fifty cents a dozen when he has none to sell. In fact at such times a good many of the farmers have to buy.

I believe that through the marketing bill we will receive some redress, and if we do not I do not know what we shall do. I understand that this afternoon a bill was introduced to effect farm relief, to put the farmer on his feet, I contend that if he is given a just share of the selling price of his goods he will put himself on his feet; give him a chance, because that is all we want. Everybody else in the country is protected, but the farmer is the man who is down under. He has lost

his morale. In the cities they are robbing him right and left.

The price of butter to-day is not as low as it was last year, and the same statement applies to the price of eggs. They see the handwriting on the wall; they expect they are going to be pulled up, and they deserve it. Talk about cooperation! Several members have mentioned that they are in favour of cooperation and I say that this whole scheme of production right from the soil to the consumer would be all right if there were cooperation right through, but you cannot get the middleman to cooperate. The farmers will cooperate but still they have to sell their produce at a depreciated price, with the middleman exploiting them. There is no such thing as cooperation between the producer and the middleman. The middleman is robbing the farmer all the time.

So far as compulsion is concerned, I see nothing in this bill of a compulsory nature except that when a sufficient body of producers ask that a certain product be regulated there are means of compulsion. If the butter producers, the egg producers, the strawberry producers or the producers of any other natural product are perfectly satisfied with the present marketing conditions they will not ask for anything else and there is no compulsion, but if they do ask for a change there is power under the bill to deal with the situation and give them what they want. This is not a question at all of trying to create monopolies as the hon. member who has just sat down (Mr. Moore) has said. He gave us a great many academic quotations from different authorities dating back to the time of "corn in Egypt" and coming right down to the present, but that has nothing to do with the situation in Canada. We are in a unique position in this country. We consume in Canada ninety-eight per cent of all our farm products with the exception of cheese and wheat. It is right here on our own doorstep that we are being robbed; it is our own people who are robbing us, and I say that we should have means to prevent that. Give the farmer a just share of what he has produced and sells on the market and endeavour to make his returns more uniform throughout the year. Butter should never drop below twenty-five cents a pound or eggs below twenty-five cents a dozen. This idea of eggs at eight and ten cents a dozen in the spring and summer when the distributors are accumulating their stocks is all wrong, and I do not see how even the consumer derives any benefit from it; next winter he will have to pay four times as much because prices will be four or five hundred per cent higher. On every box of butter that is put into cold storage the farmer is robbed of from five to ten dollars by the packing houses. If this bill rectifies that situation, and I think it will, it certainly will be of great benefit. I know that a great many members opposite do not pretend to know much about farming, and there are a great many others opposite who have expressed themselves and think they know something about farming but who do not know very much. I have been farming all my life and I know what I am talking about. I come in close contact with the Montreal market, and the Toronto market conditions are just the same, and I know what the middlemen are doing. They are making their millions every winter at the expense of the farmer. I trust, Mr. Speaker, that this bill will be given the support it deserves.

Mr. E. J. GARLAND (Bow River): Mr. Speaker, before the bill is given third reading I desire to reply to some of the statements that have been made in the house this afternoon. It does appear to me that the leader of the opposition (Mr. Mackenzie King) and the hon. member for Ontario (Mr. Moore) have overlooked one very important factor in our present economic system which they cannot afford to ignore. The member for Ontario referred to the inefficiency of monopolies of the character of the pools and claimed that the pools had failed and blamed failure on the minority that was not in the pools. The fact is that the pools and cooperative organizations of all kinds do not come into existence simply for the fun of running a pool or cooperative organization. They have come into existence just as this bill is now forced to come into existence, because of the extravagance and waste and mad inefficiency of the present competitive system. Let hon. members beware of this fact, particularly the hon. member for Ontario, that so long as you have a commercial system governed entirely in its distributive end by a regulated and restricted monetary system it is absolutely necessary that you have a regulated and controlled producing system. If not, you have chaotic conditions continuing interminably.

In an intelligently organized state one would not have to worry at all about so-called surpluses, certainly not for many years, but in a type of society such as we have now there must be some regulation, some direction, until the time comes when we get sufficient sense to determine and evolve a

method of distribution under which we can permit the freest production and consumption of all things.

I am quite satisfied that the government is not willingly introducing this measure, any more than farmers cooperate willingly, any more than business men willingly form cartels. They are compelled to do so because of the inherent waste of the individualistic competitive system, because of the debt-causing character of that system.

The ex-Minister of Justice (Mr. Lapointe) referred to this bill in most uncomplimentary terms this afternoon. With some of his references I do not entirely disagree, but when he asks rhetorically, "Why experiment with the farmers?" I answer: because the farmers want to be experimented with in this particular direction. They have been asking for it for years. My own farmers have been seeking power to force upon a selfish and indifferent minority a recognition of their obligations to the majority. I am quite in agreement with the hon. member for Ontario that the creation of a monopoly in itself does not necessarily mean that you improve conditions, because you have to take into consideration factors outside of it as well; but the creation of monopolies is indicated as a definite trend in present conditions. The time may come when you will have complete decentralization, but I cannot see it coming under the present system.

The illustration given by the hon. member for Ontario of the Conservative party rushing to reach a certain place along a certain road and his suggestion that they would get there if they did not collide with members in this section of the house struck me as rather apt except that he did not get the whole picture. The fact is that on the road, and a little distance ahead, there has been a group indicating the course that should have been followed for some years. The bulk of the producers have been trailing along the road in between. The Conservative party sees what is happening, jumps in the car, and tries to catch up. The Liberal party standing to one side in the bog of mid-Victorian economics refuses to participate in the twentieth century method of dealing with economic facts. That is what they are suffering from.

Mr. LAPOINTE: Truth is eternal.

Mr. GARLAND (Bow River): Truth is not eternal; it is a matter of adjustments, but that is a metaphysical subject that I might discuss with the hon. member with more profit to himself than myself at some future date. Of course certain truths, certain elemental facts, are eternal, but when he attempts to apply the term "eternal" to economic conditions or "truth" to the governing factors in an economic system he is talking nonsense.

I am supporting this measure not because it is a particularly good one—there are many weaknesses in it and there will continue to be many weaknesses because of the very nature of events and men—but because it purports to extend to producers the opportunity to organize. To the extent that it encourages them to do that, I am for the bill; to the extent that it enables them, after organization, to function more thoroughly as a group, I am in favour of the bill, but I still object to certain bureaucratic features which are embodied in section 9. I think the minister would have been wise if he had avoided the anomaly of reserving to himself and to the central board the right and power to give to a local board created by the minister or the governor in council the power to act as a selling agency whereas in the case of the organization established by the producers he denies that local board the right to become a selling agency. It is true he gives them the power to designate another body as the instrument through which sales may take place, but this is to me one of the most objectionable features of the bill and one which will necessitate a multiplicity of organization on the part of the producers. It will be wasteful and will likely lead to a good deal of confusion and conflict later on.

I am in favour of other parts of the bill because I am in favour of the cooperative principle. I like the idea because it is not, as hon. friends to my right have said, an experiment or a theory; it is something which has proven itself through the years. It has proven that it can function and be efficient even under an utterly inefficient and chaotic system. I wonder if hon. members have taken the trouble to study what has been happening in connection with cooperation. In the first place, cooperation never made a millionaire, but it never made a pauper. That is a record which cannot be credited to the capitalist system, or the present competitive commercial system, if you prefer the term. In the very industries which we have been discussing under this measure, such as the packing industry, we find millionaires and multimillionaires like Mr. Stanley Maclean, Sir Joseph Flavelle, Mr. William Davies, Mr. Pat Burns and Messrs. Matthews and Blackwell. In the milling business we find men like Jim

Stewart, James Richardson and so on. Surely the time has come when the producers must be given an opportunity to check the exploitation of their efforts by men of this stamp who by financial reorganization of their companies and by utterly unfair and unethical methods are able to rob the producer of what is properly his. Senator Brookhart, of the United States, when studying this question stated that ninety-two per cent of business ventures end in failure. How does the hon. member for Ontario like that? Ninety-two per cent of business enterprises end in failure under the genius of the capitalist competitive system. On the other hand, cooperative failures are comparatively few. Senator Brookhart pointed out also that out of $30,000,000,000 paid by the consumers for the products of the farm, the farmer received in the neighbourhood of $9,000,000,000. The farmer receives $9,000,000,000 and the consumer pays $30,000,000,000. If this bill will enable the setting up of producer boards to act in between the producer and the consumer, getting for the consumer and the producers better prices, then it is good. If it fails to do that, of course it is bad. But as I have said twice in earlier speeches the highest effectiveness of this bill can come only when the government of the day, whether it be this one or some other, decides to reorganize the monetary system of the country and see that the purchasing power of the people is kept in consonance with our productive ability.

If hon. members will turn to Great Britain they will find a growth in cooperative movement, a movement which is both consumer and producer, which is one of the great attributes of the British system of cooperation. The total membership of that movement is 6,760,432, while the total share loan capital is $944,000,000. The total retail sales of the cooperatives in Great Britain during 1932 were in the neighbourhood of one billion dollars. More than half of the families in Great Britain belong to cooperative societies. I pause here to say to the minister that I would have welcomed the introduction of a section into this measure having for its object the encouraging of the setting up of consumer societies in order that the consumer's end of the system might be organized for his own protection and to facilitate the interchange and the interrelationship between producer and consumer.

Mr. BENNETT: We have the consumers' league.

Mr. GARLAND (Bow River): During the days of the depression the cooperatives in Great Britain increased their business. They increased the number of workers as well as the average wage paid. According to the year book of the cooperatives, at pages 14 and 15, the Cooperative Wholesale Society increased the number of employees from 41,205 in 1930 to 41,958 in 1932. The wages and salaries paid were increased from £5,545,000 to £5,793,000. The same results are borne out by the figures of the Scottish Wholesale Society, the English and Scotch Joint Cooperative Wholesale Society and the cooperative retail societies. In every case the wages and the number of people employed were increased, both in the producing and in the consuming end. In the three good years from 1927 to 1929 the surplus of the cooperatives was $29,000,000, but in the three depression years, from 1930 to 1932, the surplus was $42,500,000. This was not a surplus which was to go to a few private shareholders and directors; it was one to be distributed in benefits to the entire membership of the association, which means half of the families of Great Britain. The number of employees in production is 121,177; in distribution, 144,688, a total of 265,865. It may interest hon. members to know that the activities of the cooperatives in Great Britain embrace such matters as banking, insurance, farming, tea plantations, shipping, printing and publishing, factories and mills and a newspaper. There are also guilds of both men and women and an electricity grid scheme is now carrying electricity to almost every portion of the country.

My purpose in referring to this at some little length is due to the remarks of one or two hon. members in the group to my right, made this afternoon and last year. During the debate on the cooperative commonwealth resolution the right hon. leader of the opposition (Mr. Mackenzie King) said:

> The cooperative movement, again, is an individualistic movement,—

I do not know what in heaven he means by that. If there is any movement on earth which is antagonistic to individualism, it is the cooperative movement. In no sense can it be called an individualistic movement. In an effort to drive a wedge between the cooperative movement and the movement to which we in this section of the house have the honour to belong, he continued:

> —not a socialist movement. The cooperative movement in the different countries has developed as it has done under the order of society as it exists at the present time.

He endeavoured to leave the impression with the house that the cooperative system was a part of the competitive system, when, as a matter of fact, it is created for the pur-

pose of removing as completely as possible the present competitive system. To demonstrate the wildness of the attitude taken I now quote a part of the report of the directors of the British Cooperative Union, 1932, May 16 to 18:

> Capitalist apologists cannot explain in terms which do not condemn their theory the disconcerting fact that, at the apex of productive capacity, world consumption and exchange of commodities are dwindling. Systematic destruction of valuable goods alleged to have been over-produced, the collapse of credit systems sanctified by banking tradition, and reversions to crude barter reveal even to the man in the street the lamentable failure of competitive industry and the flimsiness of its foundations. In such a world of unreality the simple verities of the cooperative ideal stand out as basic common sense.

That official statement of the board of directors does not give any colour to the implication in the words used by the right hon. leader of the opposition.

Again to-day we were treated to a dissertation similar to the one of last year, that economic planning is something that is abhorrent and unintelligent and would lead to the wildest kinds of bureaucracy and injustice. I do wish, with all due respect, my good friends to the right, for whom I have high personal regard and affection, would try to keep their records or their opinions straight. At the very time that the leader of the opposition in western Canada was smashing at the idea of a planned state of society, proclaiming against it in the most bitter and denunciatory terms, the president of the Liberal Federation was making speeches in eastern Canada the very contrary of those expressed by the leader of the opposition. I suggest to the ex-Minister of Justice, who to-day also waxed eloquent on the subject of the evils of planning, that he go back this year to the summer school of the Liberal group and take new lessons in economics from Mr. Massey. I regard Mr. Vincent Massey as an intellectual realist. I am afraid I look upon the leader of the opposition and the ex-Minister of Justice as mid-Victorian constitutionalists. That would be about the fair comparison at this stage as demonstrated by their attitude on this and other measures. If they could only recognize the inevitability of these things under the system, I could have some patience with them, but they will not even recognize that much.

To return, however, to Mr. Massey; he had just indicated that national planning could not be regarded as an end in itself but rather as a prelude to world cooperation. I agree thoroughly with him. It is a long distance to look ahead, but it is quite intelligible. He continues:

> The new state, as I see it, will be subject in an increasing degree to comprehensive planning.

Of course it will be; and if this bill is part —and I regard it as such—of the national planning of the productive and distributive effort of Canada, then of course Mr. Massey, if he were in the house, would support this measure. He continues further:

> The primary conflict is not, therefore, isolation versus internationalism—

As we have been led to believe in this debate.

> —but planning versus improvisation and in this struggle planning will, I believe, be victorious.

I submit that that very reference, "isolation versus internationalism," if taken with the meaning he appeared to have read into it, would definitely demolish the whole thesis of traditional Canadian liberalism. He goes further and says:

> There is no reason why the new nationalism, frankly recognized, should be provocative either in motive or in effect. It can be based on the reasonable idea that a national unit can make the best contribution to the world by tidying up its own affairs. It can be purged of the nature which has so degraded the international world in past years.

He continues:

> How then are we to adjust ourselves to this situation?

That is, of general national control of imports. He answers himself by saying:

> In the first place we must plan our own economic life in an orderly and comprehensive way and to the limits of our capacity so to do.

At the very moment or almost at the moment he was saying this, the right hon. leader of the opposition was declaring in Winnipeg that state control of industry and finance inevitably meant that the individual must accept the decisions of those in power as to where he will work, what he will do and how and where he will do it.

Of course that at best is a wild exaggeration, but Mr. Massey would answer my right hon. friend as he did, or at least it might have been an answer to him, by saying:

> As governments play an increasing part in the control of international trade, many of the matters which in the nineteenth century were left to the action of markets and private individuals, will be arranged through representatives of the state. This is a situation we shall have to accept.

With everything Mr. Massey says in that document I agree. I go further and would

point out to the leader of the opposition and to hon. gentlemen to my right that there is nothing incompatible in the fact that as a cooperator I am associating myself, as my organization is doing, with a group of persons who have been called by others socialists. It seemed to astonish the hon. member for Mackenzie (Mr. MacMillan) who does not happen to be in the chamber at the moment, and one or two others when I made the statement on the second reading of the bill that I was not a socialist; nor am I one, but I am a cooperator. In many respects the methods and objective of the two philosophies appear to be exactly the same.

I have given the membership of the British cooperative at about 6,760,000, which of course includes many women. I now ask hon. members to refer to the British cooperative political movement, the most powerful movement in Great Britain at this moment in point of membership, having a present subscribing membership of 4,000,000 people. This is the highest membership of any political party in Great Britain and is a definite sign of the times. In common with similar movements in many other countries the British cooperative movement and cooperative society have suffered at the hands of capitalistic governments. For instance, in the effort to establish a cooperative bank in that country they were enormously hampered by a definite refusal to allow them clearing house privileges. During the session, a year ago, of the British parliament, the income of the cooperative societies was taxed. They succeeded in passing the law to do so and the immediate effect of that harsh, unjustifiable legislation was to give an immense stimulus to the cooperative movement and particularly to the political side of it. If hon. members will bear in mind the terms of the resolution moved from this side of the house last year in a debate on this question of a cooperative commonwealth they will find a striking similarity between the terms used by us and those used by the British cooperative party. In the resolution which has been carried by their association and which may be found at page 26 of the People's Year Book for 1934, the official publication of the cooperative board, it will be found that the policy of the cooperative party in regard to the cooperative commonwealth was expressed in these terms:

> That the object of the Cooperative party is the establishment of the cooperative commonwealth wherein the means of production, distribution, and exchange shall be collectively owned, and wherein the cooperative movement shall function as the medium for the provision of the personal and domestic requirements of the community.

[Mr. E. J. Garland.]

That is as close to the proposal that we have been making for many years as anything I can imagine; indeed, I see no difference, nor need there be one. The ideal state when properly developed—possibly this legislation may be the first step toward it; properly administered and sympathetically handled, it will be—would be a state in which the natural monopolies, the great public utilities would be state owned and state controlled in the interests of the people. But the producing functions of the state can be well handled by cooperative producing groups. In the ideal state that will come eventually, when you have a conjunction of the two principles, state socialism handling the industries and institutions of monopolistic character, and the people carrying on by cooperative functional groups the business of production. In the international field the success of the movement has been just as marked as in the purely national field. I submit that in every sense members of this group are justified in supporting this measure as a first step towards a planned and ordered state of society. Certainly I do not think that it will achieve very great success, tempered as it will be by the factors, monetary and otherwise, to which I have referred; but as far as it goes I give it my cooperation and support in helping to improve the conditions of my people. But I warn the government definitely that they would have been better advised to turn their entire attention to the question of stimulating the capacity of the producer to organize himself and to create his own schemes and his own boards. I do not believe that any government can save producers in the long run, but the producers can save themselves and can be helped to do so by government.

There is one other feature of the bill to which I object; the provisions granting assistance for processing, warehousing et cetera of primary products should have been limited to cooperative enterprises. That assistance should not have been granted to private enterprises functioning for profit. If it were granted to the producers I could see the merit of the scheme; as it is there is a grave weakness in that regard. This afternoon the ex-Minister of Justice referred to the attitude of the cooperative movement in Great Britain. I was not able to catch all that he said. But for fear he may have suggested that that movement was opposed to such marketing legislation—he shakes his head; then this is further support of my position, for the British cooperative movement not only has not condemned the British marketing scheme,

which is somewhat similar to this, but passed this resolution:

> The conference requests the national cooperative authority to press upon the government that producers' boards shall not be established under the Agricultural Marketing Acts until statutory powers have been secured for the establishment of complementary boards representing distributors' and consumers' interests.

As I said earlier in my remarks, I believe that should have been done here and a provision placed in the bill to enable the creation of boards representative of consumers' interests. But we have to take what we can get under existing conditions; a slice of bread is better than no bread. For what merit it may have I am willing to accept the bill and shall vote for the third reading.

Hon. CHARLES STEWART (West Edmonton): I shall not detain the house very long, but wish to express some opinions on this bill. I was extremely interested in what the last speaker (Mr. Garland, Bow River) had to say about cooperation; he seems to be under a misapprehension with respect to the success of the Scottish and British cooperative societies. The fact is they did grow up in a highly competitive system. We have known of that for years. Their great success was in cooperation.

Mr. GARLAND (Bow River): There was no place else they could grow.

Mr. STEWART (Edmonton): My hon. friend suggested that my leader was making a mistake in making that statement.

Mr. GARLAND (Bow River): No, the hon. gentleman is not correct; he must not misrepresent me. What I said was that the leader of the opposition definitely conveyed the implication in his speech, as have others, that the cooperative movement was a part of the competitive system and functioned in and under it as a part of it. It is the very antithesis of that.

Mr. STEWART (Edmonton): I cannot see why that statement would be incorrect either; it did do so, and the hon. gentleman did not deny it.

Mr. GARLAND (Bow River): In spite of the competitive system.

Mr. STEWART (Edmonton): Yes, its great success was achieved in direct competition with the retail trade of Scotland and England. They made a success of it, and they are to be commended for so doing. And the same thing may be done in Canada. I for one am ready to support any such institution in Canada. Farmers of this country have a perfect right to be permitted to organize on a cooperative basis in their own interest to sell their own produce, and be given the facilities to carry it to the consumer if necessary.

I agree absolutely with the statement of the hon. member for Brome-Missisquoi (Mr. Pickel); there is too wide a spread between the prices received by the producer and the prices paid by the consumer. I can agree with him also that the consumer will not be called upon to pay any more than he is paying under existing conditions. And I am entirely in favour of the action of this government so far as it seeks to remove the difficulty heretofore in evidence between the provinces and the federal government with respect to the sales of natural products. But what I am not in sympathy with, and what I know my hon. friend from Bow River (Mr. Garland) is not in sympathy with are the compulsory features of this bill. I ask him here and now if anyone was ever compelled to go into the cooperative movement in England or Scotland against his will. It was a purely voluntary system from start to finish.

Mr. LAPOINTE: We are all in favour of that.

Mr. STEWART (Edmonton): We stand entirely for that system. Have the wheat pools of western Canada ever sought to coerce people to go into them? I know a few of them tried to, but they did not succeed.

Mr. GARLAND (Bow River): And they have been asking for a government wheat board.

Mr. STEWART (Edmonton): Yes that may all be in line, quite in line, asking to have a sales board of their own. True, it did not prove entirely successful, but I agree with the hon. member for Bow River that in the inception of such a movement as this there is bound to be difficulty. You cannot make a hundred per cent success of any given movement; where groups of people are banded together for certain purposes they are bound to make mistakes, and I for one am not going to say that on account of those mistakes the movement is an entire failure.

But what I object to in this bill more than anything else are sections 9 and 12. I am not going to detain the house at any length, but I object to the government of this country taking the arbitrary powers that they do take with respect to imports. I object to it most strenuously. If we are to have a tariff, then for heaven's sake let this parliament decide what that tariff shall be, in order that the business interests of the country may

know what it is and be able to carry on their business under the provisions of the schedules laid down by parliament. When you depart from that you immediately interfere with the free business exchange that should go on in any country. And when it comes to the point as enunciated by the Solicitor General (Mr. Dupré), that the boards will recommend to the minister and the governor in council when imports should be allowed to come in and when they should be prohibited, particularly natural products, that is just adding to the difficulties that we have to-day. Ever since I entered the House of Commons, indeed all my life, I have been opposed to excessive tariffs. I have always believed that they would react against the interests of the producers of natural products of the country in the long run. To-day we have evidence as to how they are reacting against the producers of natural products, as we are operating under a very high system of tariffs protecting secondary industry to the detriment of the producers of natural products. It is bound to do so. Day by day we see the loss of our foreign markets. It has been remarked that ninety-eight per cent of our production is consumed in Canada. I admit that a very large proportion is consumed in Canada. I will admit also that the United States consume quite as large if not a little larger proportion of their production, yet they cannot control the price of their natural products, nor can we in Canada. So long as we export a bushel of wheat, a pound of butter or a quart of cream it will have a regulating influence on the price we receive at home, I do not care how many marketing boards you establish or how many cooperative commonwealth institutions you put in operation throughout the country. World prices will prevail. This is so well set out under the British agreements that we need not argue the point. Great Britain said, "Yes, we will put a duty against imports of foreign natural products, but we will not pay you one cent more than the world prices for the products that come in from Canada." Again world prices prevail, and world prices have a regulating influence upon domestic prices.

My hon. friend from Brome-Missisquoi (Mr. Pickel) made something of the point that owing to the agreement with Great Britain we are getting a higher price for pork than they are getting in the United States. But we are getting the world price for pork. The United States, not having the privilege of that market, is not getting as high a price, but world prices prevail for us and less than world prices prevail in the United States. Who suffers? No one but the producers of pork or other natural products in that country.

So it has been ever since I have been interested in public affairs. Ultimately the producer of natural products has to pay for the protection that is given the secondary industries, and I question very much whether all the protection that has been given the secondary industries in Canada has done them very much good. I have no disagreement with my hon. friends in the corner with regard to the monetary question, but I have a very considerable disagreement with them over their change of front with respect to tariffs. I do disagree absolutely with the statement made here and there that tariffs have little or nothing to do with the economic condition in which we find ourselves to-day. They have a great deal to do with it. I will agree that the monetary situation plays an important part, and I have a good deal of sympathy with the stand of my hon. friends in that regard. I disagree, however, with the extreme nationalism that is assumed both by the Conservative party and by my friends in the corner, that this is going to be a permanent thing in which there will be no change, and that we must so readjust our whole fiscal and economic system—this is what it means ultimately—that we shall not produce anything that we cannot consume within the boundaries of our own country. That is what it gets down to. If that doctrine is to be accepted we may as well make up our minds at once that we must go under cartels, that we must have that planned production which my hon. friends speak about so glibly, and that we must work within the confines of that system for the next decade or two at all events. I do not agree with that in any particular; I cannot accept that as the ultimate destiny of the people of this country. If it is our destiny we are going to have a pretty difficult country to live in for the next thirty or forty years.

Mr. GARLAND (Bow River): Neither do I accept that as our ultimate destiny; I never have done so.

Mr. STEWART (Edmonton): Then all I can say to my hon. friend is that to one listening to his argument it means that or nothing. I should be glad to discuss it with the hon. gentleman; I am sorry if I am making a mistake in that regard, but that is the conclusion to which I have come after listening carefully to the statements made by hon. gentlemen in that corner to the effect that extreme nationalism is here to stay,

that exchange between countries, if carried on at all, is going to be extremely difficult and that therefore we must plan our monetary system and our economic system, as well as our production, to meet that contingency. If I am wrong in those deductions I shall be glad to be put right. I say that I do not agree with that statement, because even to-day, despite the extreme nationalism of the various trading countries of the world, what are they doing? They are getting together for the purpose of exchanging surplus goods one with the other. When we look abroad to-day we find that the surplus wheat production in most of the competitive countries that are doing business in Great Britain along with Canada has been wiped out, while our surplus remains. I am very glad to believe that day by day our surplus is going down; I am glad to know also that, through fear of drought and a short crop this year, the price of wheat is going up and there is a fair prospect of our getting out of at least a great part of our difficulty in that regard.

I do not want to enter into a discussion of that kind to-night; I simply want to say that if there is one decent thing about this bill it is the attempt that is made—I think it is an honest attempt—to remove so far as it is possible to do so the difficulties heretofore experienced as between provincial and federal jurisdiction. Beyond that, however, I cannot see anything in the bill to recommend it at all. I cannot and will not support section 9 of this bill, which puts extreme power in the hands of the minister and the governor in council. I have been consistently fighting the attitude of this government in regard to trade restrictions; not satisfied with extreme tariffs they have been using every means in their power to prevent imports into this country. If as farmers we have one grievance more than another it is that we are forced to pay for the protection of the secondary industries. The automobile industry is one; the textiles industry is another. It is needless to go into a discussion, but in both cases we are forced to pay extreme prices which would not prevail if more moderate duties were in effect against goods entering Canada. Farm machinery is another article that is protected, but I want to be fair; I have said that I do not believe it makes very much difference what duty is placed against farm machinery while it is controlled in the circle in which it is operating to-day.

I do say, Mr. Speaker, that the spread in Canada to-day between primary and secondary products is far too wide, and that is the result of the policies of this government. Now when they come with this bill asking for wider powers in that direction I assume at once—and I think I am right in the assumption—that it is going to reflect upon me as a producer. Ultimately it will do so. Why, I remember the terrible castigation administered to the Liberal party by hon. gentlemen opposite not only in this house but throughout the country in 1930 with respect to the price of butter, about which my hon. friend from Brome-Missisquoi speaks so frequently. It was said that it was a crime to allow New Zealand butter into Canada in competition with our own buttter. I for one believed that I could not conscientiously ask for protection for myself if I fought protection when I thought it was going to do me an injury, and I for one believed that the Canadian farmer could produce butter as cheaply as the Australian or New Zealander.

An hon. MEMBER: He cannot.

Mr. STEWART (Edmonton): He cannot? I think he can, particularly since he is so far removed from the scene of operations. At all events that is my conviction. I do know that when that protection is given it is simply a weapon used against me when I want to beat down the protection given the secondary industries, which I think is so injurious to me. If I could conceive a reason for the restrictive measures contained in this bill it would be that in order, in a sense, to placate the farmer they are going to hold out to him the bait that he is going to get something out of this, so that he may not so seriously attack these excessive duties which give protection to the secondary industries. The right hon. leader of the government promised the farmers of this country that he would secure markets for them.

Mr. BENNETT: So he has.

Mr. STEWART (Edmonton): Well, I have not the time to-night to enter into an argument of that sort. But if this measure is an attempt to implement that promise, then I have some understanding as to how hon. gentlemen in the corner are meeting with the government on common ground in that respect. I, for one, cannot support the bill in its present form. I must say that I am rather agreeably pleased with most of the provisions in the two bills introduced yesterday for the purpose of assisting agricultural

communities. But, with sections 9 and 12 remaining in the present bill, and the absolute refusal of the government either materially to amend them or to strike them out, I must vote against the third reading of the bill.

Mr. F. W. TURNBULL (Regina): Mr. Speaker, I desire to make a few observations on the third reading of the bill, and shall make them as brief as is reasonably possible. I believe I may sum up the speech of the hon. member who has just sat down (Mr. Stewart, Edmonton) by these words, that he loves the farmers, he loves them very exceedingly, but he does not want to lift a finger to help them because the Conservative government has brought in a bill which, because it is brought in by a Conservative government, he must oppose. He sees a deep dyed plot behind the measure to drag the farmers into accepting high tariffs simply by giving them a marketing bill.

Mr. STEWART (Edmonton): That is a fair statement.

Mr. TURNBULL: The hon. member says that that is a fair statement of his position. Of course he rings the death knell of protection when he is not in office, but the bells are singularly silent when his party is sitting to the right of Mr. Speaker.

I was glad to hear the speech made this evening by the hon. member for Ontario (Mr. Moore). Theoretically I do not know of any two hon. members in the House of Commons who agree with each other better than the hon. member for Ontario and myself, except on the question of protection where he is a very much higher protectionist than I am. But on theory he is pretty good, and when you want a sort of diagnosis of the law of supply and demand the hon. member for Ontario is unexcelled. He has talked about the free meeting of sellers and buyers. Well, if we had a free meeting of sellers and buyers conditions might be different, but we have not that free meeting. How much freedom have we when we try to sell a bushel of wheat in France, which is our market? We meet with a duty of 85 cents per bushel, and a 97 per cent milling quota. Try to sell a bushel of wheat in Italy, and you are up against the same thing. Try to sell a bushel of wheat in Germany, and you are up against the same thing.

Mr. CASGRAIN: This bill will not correct that condition.

Mr. TURNBULL: So I say that so far as the export market is concerned you are not in the position of having a free meeting of buyers and sellers. While the argument of the hon. member for Ontario might be perfectly proper if the conditions he described existed, yet my hon. friend must be the first to recognize that so far as the world is concerned those conditions do not exist. He must further agree that there is no possibility of our producing those conditions throughout the world, and the result is that we must direct our attention to the conditions which exist and not the conditions which we hope may exist. The trouble with my hon. friends opposite is that they have not recognized the condition, and they are still dealing in theories. I hope that when the hon. member for Ontario took that long digression into the early history of England he was not suggesting that the Liberal party in Canada today are the mental contemporaries of Piers Plowman because they certainly have not advanced far along the road.

Let us see what the conditions are. There is no question in the world that there must be difficulty in getting markets. There is no question that a free and open market so far as our exports are concerned does not exist anywhere except in Great Britain. And when my hon. friends opposite say that that is due to something which this party has done, I really think they know that that is not in accordance with the facts. But repeating it often enough they make themselves believe it, because unless they can believe it they cannot believe anything, and their position would be hopeless.

The Hon. Charles A. Dunning, a former minister of finance was a pretty close student of our markets, and particularly our wheat market. When the hon. member for Ontario suggests that government intervention has been the cause of our trouble in Saskatchewan there are other points I should like to call to his attention. I am suggesting that drought and the grasshoppers had something to do with southern Saskatchewan. I know, however, that the hon. member was referring to the fact that the government stepped into the wheat market. If he was not referring to the government's action in connection with its intervention with respect to wheat in western Canada—

Mr. MOORE (Ontario): I did not refer to the intervention of this government, particularly.

Mr. TURNBULL: Was it the intervention of the provincial government?

Mr. MOORE (Ontario): Of governments.

Mr. TURNBULL: I do not know what the intervention of governments was in western Canada—

Mr. MOORE (Ontario): And extending over a period of years.

Mr. TURNBULL: —unless it was the action taken in 1929 by the provincial governments to assist the wheat pools when the world markets were closed to our wheat, during the regime of hon. members opposite. But that was not the action of this government. Let us clear up any doubt as to the fact that the world markets were closed, and let us clear up any doubt as to what the real trouble in western Canada was. In this connection I shall quote the words of the Hon. Charles A. Dunning. Speaking at Broadview on June 13, 1930, while he was still minister of finance, and while the present right hon. leader of the opposition was prime minister, he said:

> The importance of western wheat to Canada has never been so evident as in the last two years.

The last two years.

> When we have plenty of it and can sell it, the men on the railways are busy moving it, the men in the offices are busy keeping track of it; the men in the factories are busy making those things which you producers need. If we only have a half crop and do not sell it the prosperity of the whole dominion is affected.

That is what happened in western Canada. We had half a crop, yet we could not sell even that. Let me repeat that that occurred during a time my hon. friends opposite had control of the reins of government, and during a time when across the country they were preaching the doctrines of wider markets, and were allowing the markets to be constantly restricted. We lost all our markets between 1922 and 1930, with the exception of the market in Great Britain. I do not ask hon. members to take my word for that, either, because in this connection I shall quote Mr. Dunning again. Speaking at Melfort he is reported in the Leader Post of June 21, 1930, as follows:

> Mr. Dunning at Melfort, gave reasons for men who are jobless as being due wholly to the half grain crop of western Canada last year not being successful in selling.

And remember, these are the gentlemen who say we caused unemployment. Yet their minister of finance was aware of the fact that there were jobless in 1930 before we took office. He went on to say:

> The only market left at the present time for wheat is Great Britain, which has a free market, but the mother country has recently lessened their demand for Canadian wheat.

Then, speaking again, and reported in the Leader Post of June 25, 1930, Mr. Dunning explained that the present depression, that of 1930, which my hon. friends opposite are continually declaring was caused by the Conservative government, was due to world wide overproduction of basic commodities, and until this surplus was used up the government could do very little to assist in unemployment. Laissez-faire again; let it take care of itself. In all the world there was no market, except in Great Britain, and the only thing to do was to stimulate trade with her. That was the condition which existed in 1930.

What solution have hon. gentlemen opposite presented? We had that condition in 1931; we had it in 1932, aggravated by the return of Russia to competition with the wheat exporting countries. That country said to Great Britain the other day, "If you will lend us money we will quit selling wheat, but we have to sell wheat in order to get money to buy the things we need. If you will lend us money we will quit selling it, and begin to buy it." That was Russia's condition in 1932, and that is her condition to-day. Then 1933 came along, and these gentlemen opposite who preach wider markets had a summer school at Port Hope, and at that Port Hope summer school according to press reports the right hon. leader of the opposition attended every session. The report of one session of the Liberal summer school that appeared in the Leader Post of September 26, 1933, said this:

> What immediate action could be adopted to increase Canada's exports, particularly of wheat, was canvassed at Tuesday's session of the round table on tariffs at the Liberal summer conference here.

You would have thought that they would have produced this plan for wider markets at that stage, because the leader of the opposition had told us that it was the policy of his party to get wider markets. But then he came to Kelvington in the constituency of Mackenzie, just fresh from the summer school where this conference had taken place, and he told the people of Mackenzie, not how he was going to get wider markets, but of the beauties of wider markets, and then he came here and boasted of how he had won that election on that basis. What did the summer conference say?

> At the end of the discussion, however, when everything from reciprocity to free trade had been discussed, no suggested solution was forthcoming.

That is the Liberal position with regard to getting wider markets. They have no solution; on the fifth day of June, 1934, they still

have no solution. They have not presented one single suggestion for wider markets for any line of produce in this country. And when we come here with a bill which we hope will assist us to meet conditions that exist throughout the world, the only thing we get is weeks and weeks of opposition and diatribes on liberty and things of that kind.

I believe in liberty; I believe in the constitution; I believe in a man's liberty to do what he likes so long as he does not unduly interfere with anybody else; but there is one thing the primary producer in this country is demanding and is entitled to get if governments can give it to him, and that is the liberty to live, the liberty to get for his products a fair price and a fair method of marketing. He is entitled to any assistance we can give him in order that he may have the liberty to live. That is what we are trying to do, and we are accused of restricting production. There is nothing in the bill about that. We are accused of restricting imports. There is something in the bill about that. If my hearing was not so bad this afternoon I heard some hon. member opposite ask what was being done about the importation of flour from Australia. I think it was the hon. member for South Perth (Mr. Sanderson) who was very much alarmed at what might happen the primary producers of Ontario and what might happen to the price of wheat in Ontario if we allowed flour to come in from Australia. If he was not urging the restriction of the importation of that flour from Australia, I do not know what he was urging.

There is the situation, and if this bill passes we shall have some system of dealing with a situation of that kind whether the importation is from Australia or from any other country.

The results of government action in this session of the house are beginning to be apparent already. I think it was the hon. member for Ontario, who talked about this bill being a method of transferring natural wealth from the pockets of one class to the pockets of another class. He says it was not he; at all events some hon. member opposite discussed it. Well, Mr. Speaker, that is one of the things that has been going on here for years. Ask the tobacco producers of southern Ontario who got such low prices for their tobacco while dividends were being paid if wealth was not being transferred unduly from the pockets of one class to the pockets of another class. Ask them now that they are getting ten and fifteen cents a pound more for their tobacco this year than last year. Ask the tomato growers who are being paid under contract ten and fifteen cents a bushel more for their tomatoes this year than last whether they do not think that wealth has been unduly transferred from the pockets of one class to the pockets of another class and whether it is not good business on the part of the government, not to transfer wealth but to see that the producer class get a fair proportion of the monetary returns from the goods they produce.

An attempt has been made to stir up a little feeling between consumers and producers. There is no division between the people of this country as between producers and consumers. There cannot possibly be. The producer of wheat is a consumer of lumber; the producer of lumber is a consumer of metallic products, and of those things that are produced on the farm. Every producer is a consumer, and in the main every consumer is also a producer, not perhaps a direct producer. The railwayman, for instance, is not a producer of wheat, but he assists the producer of wheat to obtain the return from the production of that form of wealth. There is no arbitrary distinction between producers and consumers. To say that if you help the producer you are going to hurt the consumer or that if you help the consumer you are going to hurt the producer is really, to my mind, to befog the real issue.

I agree with my hon. friend from West Edmonton (Mr. Stewart) that there is too wide a spread between the price of primary products and the price of secondary products, and this is not the first time I have said it in this house. But this bill is aimed at helping the producer of primary products to get a better return for his primary products by orderly marketing, and if it succeeds in that regard it will to that extent have reduced the spread between the price of primary products and the price of secondary products.

Our imperial conference treaties were aimed at the same thing, and we got some results from them. We had, for example, my hon. friend from West Edmonton saying that the reason why we are getting a higher price for bacon in the world market is because of those treaties, but it was not because of his vote on those treaties. It was in spite of the fact that he tried to see that we did not get those treaties, and in spite of the fact that the hon. member for Melville (Mr. Motherwell) went around the country telling the farmers not to produce bacon hogs because there was nothing in the treaties for them.

Mr. MOTHERWELL: Come off, now.

Mr. TURNBULL: And that is part of the reason why we were able to sell only 70,000,000 pounds instead of 280,000,000 pounds.

Mr. MOTHERWELL: I will straighten you out the next time.

Mr. TURNBULL: What is the matter with this particular bill? Here is the ex-Minister of Agriculture, who has surely had the interests of the farmers at heart, or if he has not he ought to have had. It is true that he said we would have to have a new basis for agriculture, but we will take it that he was always struggling to get something better though he was not very successful in doing so. The best part of his acts died on the order paper, he said. Was one of them the attempt to permit the importation of renovated butter from the United States in 1923?

Mr. MOTHERWELL: You should keep quiet about butter.

Mr. TURNBULL: Wouldn't you like me to? My hon. friend from Melville says: I laid the foundation for this bill. He says. I passed grading acts, apple grading acts, fruit grading acts, vegetable grading acts, and they were all the foundation of this bill. Each one of those acts was the foundation stone upon which this bill should be built. Well, having got the foundation well laid with the assistance of his fellow members around him, and the assistance of the leader of the opposition, I wonder if he told his leader when he was laying that foundation that the superstructure was going to look like this bill, and I wonder if the leader of the opposition did not read him a homily on the liberty of the subject when he got around to that. Surely the hon. member for Melville did not deceive his leader and lay the foundation without telling him what kind of building he was going to erect on that foundation, without telling him that all these grading acts were to be the basis of some sort of marketing act that was to have come later if the people had not got tired of them so soon.

Mr. MOTHERWELL: You evidently did not hear what I said this afternoon.

Mr. TURNBULL: Here we are with the foundation all laid by a responsible minister of the Liberal party, and then he is faced with the opposition of his colleagues beside him. They refuse to help him erect the superstructure on the foundation. They all say: No, we have got this far, we will not go any further; this marketing bill cannot be put through. The only reason advanced so far for this stand is their rugged individualism. You could hear them applaud when the hon. member for Ontario said that we should not interfere with individual liberty. That is a very worthy subject for applause as no one wants to interfere with it any more than is necessary. But we do want to interfere with the individual liberty of a small minority in order that a substantial majority may get the best they can out of their products. While I do not believe in interfering with liberty, to that extent I think the bill should be supported.

There is a good deal to be said against controlled planning, that the individual should be allowed to plan for himself, but that is not what is done in the civilized world. We are not selling our goods in Canada where there is a free market for buyer and seller; we are selling our surplus goods on the world markets where there is no longer a free market. During the war there was centralized buying of agricultural products by the allies. We had to meet that in this country by centralized selling and we established a wheat board. It is quite true that hon. gentlemen in the Liberal party were not very much enamoured of the wheat board when it was first started; it is quite true that the United Farmers of Alberta were very loud in their lamentations when the wheat board was first started. We had the same thing from the grain growers in Saskatchewan, but when the benefits of the board were discovered they were equally loud in their lamentations when it came to an end. As soon as centralized buying ceased, centralized selling had to cease and the wheat board came to an end. The War Measures Act was not sufficient to continue it any longer.

For a few years, from 1923 to 1925, we got along with the free flow of buying and selling, but in 1925 a new item began to enter into things, free buying and selling and the free meeting of buyer and seller ceased. The people in Europe who bought our goods decided that they did not want to buy any more from us. European countries began to organize their own trade in order that they might get along without wheat from Canada, the Argentine, Australia or anywhere else. Hon. gentlemen opposite were very glad to go through the country stating that this was because of Bennett's tariffs. They are doing the same thing to-day from one end to the other of Ontario. There must have been a great deal of prescience in Italy in 1925 when Mr. Mussolini began to prepare Italy for tariffs which were to be put into force in 1930. This thing started in Italy in 1925, in Germany in 1927, and in France in the

same year, all during the regime of the Liberal party. It started in the United States in 1922 and it got its cap sheaf in the spring of 1930. At that time the former Minister of Trade and Commerce (Mr. Malcolm) declared that he was not interested in marketing wheat; he thought he could do the greatest service for this country if he increased the sale of our industrial production. The right hon. leader of the opposition declared that he was afraid either to increase his tariffs against the United States or to increase the British preference lest he might provoke the people of that country. This was the attitude of the leader of the opposition in 1930, and then we got the Hawley-Smoot tariff which completed the disaster as far as the contemplated sale of farm products on the American market was concerned. That was the condition with which we were faced. There was no longer a free meeting between buyer and seller. There was a planned economy in existence in Italy, in France and in Germany, a determination to make those three countries self-supporting as far as their production of wheat was concerned. And they succeeded. Because of this action, taken long before we came into office and upon which our entry into office had no bearing, we lost our European sale of wheat. Because we lost our European sale of wheat that commodity piled up in this country and remained unsold. Because the western farmer could not sell his wheat for a price, because the eastern farmer could not dispose of his dairy products, there was a lack of consuming power on the part of the agricultural population. This led to a lack of ability to sell on the part of the industrial population, which resulted in unemployment.

It is apparent that these countries intend to pursue the path they have trodden so far. This being apparent it becomes necessary for us, no matter how much we may love rugged individualism or individual liberty, to take steps to preserve our liberty in competition with the goods of other countries so that Canada shall not become an economic subject but rather shall be an economic equal among the nations of the world. This is necessary to preserve our Canadian liberty and our Canadian markets. It is necessary to regulate the flow of goods not into markets which are wide open but into markets which are very restricted. This restriction did not occur in 1933 or 1934; it occurred in the period between 1922 and 1930.

However, we got down to the point where the former Minister of Agriculture had the whole structure ready for the keystone. The arch was all built because of the efforts he had made during the nine years he was in office. We are now ready to put the keystone in the arch and the former Minister of Agriculture is ready to help us to the best of his ability. But he is hampered by all his friends on the other side. They say: Do not put it in; it may be socialism. Let me assure my hon. friends that this bill is not socialism. As far as I can see, it contains not one element of socialism.

Mr. MITCHELL: What is socialism?

Mr. TURNBULL: The hon. member for East Hamilton (Mr. Mitchell) has been in Russia and he should be better advised than I on that. I am quite sure he is not so fond of the exemplifications of socialism which he saw there. This bill is not communism. There is no difference between communism and socialism. There may be a slight difference between the methods used. This bill is not socialism. Socialism in this country and in Great Britain embodies the state ownership of industry. That is state socialism, but there is no element of state ownership in this bill. The government is not going to own the products of the farm, of the forest, of the field, of the mines or of the sea. There is no state ownership or state socialism about it. There is no colour of that thing called socialism, of that thing which is advocated by those who sometimes say they are socialists and sometimes say they are not, but yet lead the Cooperative Commonwealth Federation in this country. This afternoon the hon. member for Bow River declared that he was not a socialist, but I have a newspaper report in my office which reports him as saying that he is. I am glad he has seen the light and is turning from the error of his ways. The hon. member for Winnipeg North Centre (Mr. Woodsworth) declares he is one, as does the leader of his party in Saskatchewan. This bill has nothing to do with socialism, and it contains no element of state socialism or state ownership. It contains only the element of control and regulation of marketing. It does not contain the element of the Liberal doctrine which has been pursued in this house, the doctrine of leaving well enough alone and letting the law of supply and demand work things out when there is no free market.

As the hon. member for Ontario says, we are doing very well. He says that the volume of business as disclosed by the Minister of Trade and Commerce shows an increase in business and that the country is progressing. The hon. member says: Let it progress; do

not interfere with it. The most cheerful thing I have heard this session was the Liberal benches applauding the hon. member for Ontario when he said this country was progressing. This is a wonderful change from the miserable wail of woe which has been coming up from that side of the house from 1930 down to the present. I am glad they are getting on the band wagon and admitting that under Conservative policies the country has turned the corner as far as depression is concerned. In their day it was only a financial recess, but to-day it is a depression. But we have turned the corner; our markets are not restricted; they are as a matter of fact increasing in both Great Britain and other countries and we hope by this bill which we are presenting to the house to assist in the increase of those markets and to help farmers and other primary producers to find a place in which to sell their goods. If in April, 1934, they sold fifty per cent more than they did in 1933, that is good; but if by this bill we can help them to sell sixty or seventy per cent more, I say that we ought to do so. That applies not only to the farmer but to the lumberman.

It is true that in nearly every line of primary products except wheat and cheese we are increasing our markets, but as we do so we are moving into markets that are more and more restricted, and the time has arrived when we should take the necessary measures to place in the hands of our people the means of meeting the methods that other countries are using with regard to their products. We must do this, not because we want to do it, not because we desire to have anything to do with restricting markets, not that we would not have the individual flow of trade continue, but because we are met with markets where the individual flow of trade is not continuing and with markets where, if we go into them unarmed, without any control, with a group of individual traders trying to sell in a rigidly controlled market, we are putting them at a disadvantage in such a market. The purpose of this bill is to give them the means of placing themselves in some degree in a position of equality with those with whom they have to trade.

I think the ex-Minister of Agriculture is correct when he says that the grading acts form a certain foundation upon which this marketing legislation should be built. He is quite correct when he says that this marketing bill is the keystone of the arch, and although with almost every word he has uttered since this measure has come into the house he has declared his condemnation of the legislation, I am glad that in spite of that he supported the bill on the second reading. I am afraid he is now lacking courage to tell us what he will do on the third reading; he seems to be wobbling a little. He spoke for a long time this afternoon but he would not say whether he would vote for the third reading or not, and he spent most of his time in trying to settle some differences between himself and his leader.

Mr. MOTHERWELL: The hon. member will see what I will do when the matter comes to a vote.

Mr. TURNBULL: I only hope my hon. friend's example will be followed even at the twelfth hour by some of those who sit around him. There is still time for the sinners to repent.

An hon. MEMBER: They won't do it.

Mr. TURNBULL: I am afraid not. My hon. friend knows them better than I do. There has been no repentence from the benches opposite, but in any event it would be pretty difficult for them to repent now. I thought they were going to try to hang their hats on those amendments that were made in committee, but they found the hook was not strong enough even for that. They voted against the second reading; they voted against, not only against having a bill that might be approved in committee, but against having a bill at all. Then they have attempted to create the impression that they have made this bill in committee. If they have made the bill in committee, why do they not vote for it? If they did not make it in committee, why do they say they did? Why do hon. gentlemen not get off the fence and sit on one side or the other? Let them say either they are for this or they are against it; let them say that it is good or that it is bad, but let the country know where they stand and know it in certain terms so that hon. gentlemen cannot go around the back townships during election time and try to lead the people to believe that they stood on both sides.

They said that there were thirty-three amendments to the bill, but before the second reading hon. gentlemen were told that amendments were coming, and the bulk of the thirty-three amendments, all the important ones except possibly one, came from this side of the house, Moreover, eight of the thirty-three amendments were consequential ones; a change was made in one section in connection with natural or related products and the same change was made in eight

others. They hoped to be able to hang their hats on those amendments as an excuse for saying it might be to their political interest to support the bill, but there is not a single amendment that has in any way changed the principle of the legislation. If every one of those amendments had been inserted in the bill when it came down for the second reading, that would not have served as an excuse for any hon. gentleman on either side to vote any differently from the way he did, because the principle was exactly the same after the insertion of the amendments as before. There may have been some changes with regard to the consequences of the price spreads investigation, as to what should happen in connection with the report when it was made, but there was nothing at all that changed in the slightest degree the principle of the bill, which was the provision by the government of machinery, not whereby the government should market goods, but whereby the primary producers themselves, not forced into it by the government but on their own initiative—because aside from the exceptional circumstances under section 9 the initiative comes in every case from the producer—may organize themselves, take advantage of the machinery provided and try at least to get a better share of the consumer's dollar whether it be in this or some other country. I say again that except for exceptional circumstances provided for in the one section there is in the bill nothing whereby the government forces its views on anybody, but there are in it provisions for which the producers may carry out the work themselves. Nevertheless we heard hon. gentlemen day after day declaring only one thing, that the producers shall not have the opportunity to organize themselves to meet marketing conditions that prevail not only in Canada but outside.

Mr. CASGRAIN: They did not say that.

Mr. TURNBULL: There is no other deduction, inference or meaning that is possible from the day to day opposition we have had to this bill, with the exception of the second part which has to do not with marketing but with the investigation of spreads and prices. So far as the marketing feature is concerned, I repeat that since the day this bill was first introduced in the house all that the opposition of hon. gentlemen opposite has meant is that they have declared that so far as they are concerned—and I am excepting the hon. member for Melville and the hon. member for New Westminster (Mr. Reid)—the primary producer shall not through the medium of this bill have the privilege of initiating a movement to allow him to have greater control in the marketing of his own product with the object that he will market it better and obtain a higher price for it. But because this government, possibly for the first time in the history of Canada, has really attempted through federal legislation in conjunction with provincial legislation to give the primary producers a chance to organize to meet the great organizations with which they have to deal, I am supporting the third reading of this bill.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, there are at least three results apparent from the lengthy discussion which took place on this measure in committee of the whole. The first is that the bill as introduced was very much in need of amendment. Opinions may differ as to the value of the amendments that have been made, but I assume that the government has attached importance to them, otherwise they certainly would not have been added to the bill. I do not believe that the value of the amendments can be estimated by their number, or by the particular amount of space that they occupy in the bill. I think they are to be valued only by the extent to which they bring the bill into conformity with customary constitutional procedure and practice, and into conformity with legislation which ensures to the representatives of the people the opportunity of legislating in the interests not of any one class, but of all classes in the community.

The second apparent result is that there are provisions of the bill with which pretty nearly all members of the house are in agreement. There are large portions of this measure with respect to which there has been practical unanimity. I might draw the attention of the house to the fact that the bill is divided into two parts, the second part dealing with investigations. I think I am right when I say that the second part of the bill encountered no opposition at all, once the government had made a very important change with respect to one or two of its clauses, the limitations of which were pointed out in the early part of the discussion. The scope of this portion of the bill was as a matter of fact vastly enlarged by an amendment proposed by the opposition which extended its provisions from regulated to all natural products.

The third apparent result is that with respect to certain provisions there is a diversity of opinion between members of the official opposition and hon. gentlemen opposite which is very wide indeed, and which I fear

from what has been said thus far by members of the administration may prove to be irreconcilable.

However, I am rising at the moment not for the purpose of opposing the bill on its third reading, but rather in order to propose at the close of my remarks that the bill be referred back to the committee of the whole with the request that the committee reconsider certain of its objectionable provisions with a view to seeing if those provisions cannot be so modified as to make the bill acceptable to the house as a whole. I hope I have made it clear that as far as the purpose of the bill is concerned, as far as the necessity for the introduction of legislation for the regulation of marketing is concerned, we on this side are in agreement with hon. gentlemen opposite. To certain of the provisions of this particular measure, however, there is a very decided opposition on the part of some, in fact of all of us on this side. The question then naturally arises as to whether the provisions to which we take exception are so all-important in their significance as to render it advisable and necessary to oppose the bill on the third reading in the event of the government not agreeing to refer it back for further consideration to the committee of the whole, or the committee of the whole upon reconsidering it not making certain of the changes, or whether it should be supported on third reading simply for what there may be of possible good in some of its provisions, notwithstanding the possibilities and probability of great harm that, if adopted, it may have as a whole.

Mr. LAPOINTE: You cannot improve it as far as I am concerned.

Mr. MACKENZIE KING: As to the amendments which have been introduced may I say that certain of them have been, I think, distinctly beneficial, and in the right direction. I am not desirous of claiming for any particular part of the house the credit for these amendments, although I think if it were desired to do so it could be shown that the more important amendments have been the result of suggestions from this side of the house. Among amendments which I think are in the right direction are amendments which have restored in a very real way the control of this House of Commons over certain phases of the subjects dealt with in the legislation itself. The first amendment I refer to is the one which provides that the expenditures in connection with the bill shall be made out of moneys appropriated by parliament. That I think is an all-important amendment. The original bill provided that these moneys were to be taken by the board out of the consolidated revenue fund. There was no requirement as to their being appropriated in the first instance by parliament. In other words, parliament was simply abandoning its control over expenditure. I pointed out as forcibly as I could at the outset that that was certainly ignoring the fundamental principle of control over expenditure and taxation by the House of Commons. I am glad that the members of the ministry have thought it well to amend the bill in that particular and to get rid of that obnoxious feature.

Another amendment is that the ministry shall report to parliament within a certain time, within fifteen days of the reassembling of parliament, all action which has been taken and expenditures incurred under this measure. It has been stated over and over again that this is experimental legislation, and great power is given under it to local boards to initiate schemes which are to be approved by the governor in council, but of which this parliament has no information at all, and with respect to which it would have no information had the bill not rendered it obligatory that a report should be made to parliament within a stated time. That report at least gives some opportunity to this House of Commons to review the various schemes which may be brought forward. So I regard that as an important amendment.

There was a provision in part II of the bill which had to do with the powers of investigating committees. That provision gave power to the committees to designate what were to be offences punishable by fine or imprisonment. It was pointed out from this side of the house that there again the function of parliament was being wholly abrogated through its function and power being given to boards unnamed and unknown, and still to be constituted, to create offences which would be so punishable. The bill as it now stands sets forth, as part of the statute, what constitutes offences as well as the penalties. Parliament itself has named what the offences are to be. To that extent the bill has been brought into conformity with constitutional procedure and practice.

Then there has also been an amendment with respect to the powers of these local boards which brings their actions and regulations very much more under the control, if not of parliament, at least of the ministry. In the bill as originally introduced powers were given to local boards to make regulations which would, if violated, be punishable by fine and imprisonment. These unknown and unnamed boards were to have authority to make regulations, and parliament's part in

the procedure consisted in setting out in advance the penalty which was to attach to the offences to be named by the local boards. The government have seen fit to alter that provision of the bill and to require that all these schemes of local boards shall in the first instance meet with the approval of the governor in council, and the governor in council being responsible in an immediate way to parliament there is at least an approach to the restoration of the authority of parliament over a great deal that is set forth in the bill.

Now, Mr. Speaker, these are important amendments, and all of them are in accordance with the fundamental principle which safeguards the sovereignty of parliament. That is the basic principle underlying the amendments that have been made. What I wish to suggest to hon. gentlemen opposite is that they continue to apply that principle to all the provisions of the bill; and where the bill as it stands at present is deficient in that it takes away from this House of Commons powers and authority which the house should not part with, but which it should keep in matters of legislation, that such power should be restored by the committee of the whole after the bill is referred back to it for that purpose. If it be a sound procedure and practice with respect to control by this House of Commons over expenditure and taxation, with respect to the legislation of this House of Commons as to regulations and offences and with respect to other phases of control by parliament so to amend the measure as to ensure the safeguarding of a fundamental right of parliament, a right by which alone the liberties and the rights of citizens can be maintained, surely it is equally important that the bill in all particulars should be made to conform to that great fundamental principle.

That brings me for a moment, to the consideration of what is responsible for the taking away from parliament of these powers that some of us feel should be retained by parliament, and having them given to other bodies. It is due to a certain theory of delegation of powers. This theory of delegation of power has come to the fore rather rapidly and very recently. It has within limits been found necessary at Westminster with respect to some legislation there, but I would point out that the condition at Westminster, a parliament that deals with matters corresponding to federal, provincial and in many cases municipal matters in this country, is very different from the condition with which this parliament is faced. I think we should be particularly careful to see where a tendency of that kind if too largely indulged in is likely to lead us.

If it is absolutely necessary and the tendency is safeguarded to a sufficient degree then I would have no exception to take to it, but if it is simply adopting an innovation in constitutional procedure, particularly at a time when innovations are coming from other quarters that we all know threaten the very existence of parliamentary institutions, then I say the innovation should be considered with the greatest care before it is permitted to go very far. While the policy of delegating power has gained certain headway at Westminster I would point out to hon. gentlemen opposite that where it has done so it has been always with the exercise of the greatest caution on the part of the government. In fact the government at Westminster has been most careful to see that any powers of delegation should be so granted as not to deprive parliament of the complete supervision which it should have in the interests of all classes in the community, particularly with regard to measures relating specifically and especially to the interests of one particular class. There is one principle which governs in matters of delegation; it is the essentially subordinate character of delegated legislation; it is that the power of the body which is receiving the delegated power always must be subordinate to the power of the body which confers delegated power. The power to legislate, when delegated by parliament, differs from parliaments own power to legislate. In other words parliament itself is supreme in the matter, particularly in legislation, and parliament should not give to another body power to legislate on any subject to a greater extent than parliament itself is prepared to legislate with respect to the matter under consideration. Any power delegated by parliament is necessarily a subordinate power because it is, and must be limited by the terms of the enactment whereby it is delegated.

That seems so obvious as to be hardly necessary to assert it, yet when one considers the provisions of this measure one finds that parliament is giving to local bodies, as yet unnamed and unknown, power to draft legislation, and later to the governor in council power to enact these drafts into legislation and enact other legislation infinitely more considerable in extent and in importance than that which parliament is retaining to itself as governing the situation in hand. Surely that procedure is not right. During the course of this discussion many reasons have been advanced as to why these powers have to be delegated. It has been stated that they deal with matters of detail, that parliament

has not time to consider these things, and that the executive ought to be in a position to govern in these matters. But may I point out that government consists of three distinctive branches. There is the legislative branch, the executive branch and the judicial branch. If it had been intended that the executive was to become the legislative body, the constitution of the country would have made that clear, but so long as the function of legislation resides in parliament it should be kept in parliament and not transferred to the executive much less to other and inferior bodies.

I am going to seek to avoid much in the way of quotation this evening; indeed I intend to make my remarks as brief as possible, but I should like to quote in particular one page from a volume to which I have referred previously and to which the present Prime Minister (Mr. Bennett) was fond of referring when he was in the position which I now occupy. It is so pertinent to this entire legislation and so clearly and concisely expressed that I think it will give hon. members in a moment the complete picture I should like to present to their minds. The volume is entitled The New Despotism, and is by the Right Hon. Lord Hewart of Bury, Lord Chief Justice of England. This is what Chief Justice Hewart says, at page 76 in describing how this system of delegating power works:

> The excuses which are offered even by the most able of the apologists of the new despotism are sometimes rather entertaining. It is said that parliament simply has not time to do otherwise than delegate legislative power; that parliament, even if it had the time, has not the requisite aptitude for the work; and that, after all, it is not the task of parliament, but the task of the executive, to govern the country. The last of these three propositions is said to constitute the "greatest justification for delegated legislation." Now, to some onlookers it may occur that, if this threefold defence is really to be regarded as a fair and considered statement of the frame of mind which exhibits itself in the new despotism, nothing could well be more grave. For what does it mean? Let it be granted, for the sake of the argument, that there are matters of detail which can hardly be debated at length across the floor of the House of Commons. Let it be granted, again, for the sake of argument, that from time to time an act of parliament may involve technical matters which require careful and protracted consideration at the hands of experts and specialists. Neither of these circumstances, nor the pair of them in combination, can be said to afford the smallest reason why the work which is done should be done behind the back of parliament, nor without its knowledge and real assent. Nor do these or any other circumstances afford a reason why the order which is made, or the decision which is given, should be so contrived as to be beyond review in a court of law. As for the third of the propositions, if it contemplates anything over and above what in a particular emergency may be rendered necessary by "sudden causes and occasions" or "promptitude to meet the exigency of the case," it is not easy to imagine anything more mischievous or more subversive.

I ask hon. members to listen particularly to these words:

> True, it is indeed the task of the executive to govern the country. But it is the task of parliament to make the laws, and the real business of the executive is to govern the country in accordance with the laws which parliament has made. Is it not precisely because it is the task of the executive to govern the country that it is so dangerous to hand over to the executive the power of making laws as well, and of making them in ways which, while a kind of formal homage is paid to the sovereignty of parliament, have the effect of employing the sovereignty of parliament to oust the jurisdiction of the courts.

That is exactly what this legislation does. So far as regulations and offences go, it simply hands over to the executive, which we all admit exists for the work of government and administration, the making of practically all the laws which are to be an outcome of the provisions of this particular enactment.

Hon. members have said that these laws are intended to help the producers. But how is this help provided? The bill allows a group of producers to initiate a scheme, and to present such scheme to the executive. If it is approved by the executive, it becomes the law of the land, although parliament has not had any say in the matter at all. It is done behind the doors of parliament; it is done outside the walls of parliament, and yet it all becomes part of the law of the land. That is not preserving the sovereignty of parliament; that is not preserving the principle of sound constitutional government. That is one of the features of the bill to which hon. members on this side take such strong exception.

Is it necessary, in order to frame a marketing bill which will be of service to the farmers throughout the country, to sabotage a great constitutional principle of government upon which the security of the rights of all depend? Is not such a consequence too great a price to pay? That is the point I should like to make in criticism of the measure. I submit that in seeking to serve one end, the government is taking a step which either deliberately or inadvertently is destroying fundamental principles of constitutional government. Surely such a course is not necessary to achieve a legitimate end. I believe one of

the reasons parliament has been countenancing such legislation is that, under the stress of emergency, we have become accustomed to granting great powers to the executive in matters of relief. These powers having been asked, always with the statement from the Prime Minister that they would be carefully safeguarded, and session after session we have become more or less accustomed to consenting to give them to the executive. But there is another reason, and it is this. Throughout the world there have been great changes in matters of government in many countries. Some of the effects of those changes are making themselves felt in our own country. I am afraid a good many of our own people, instead of holding to what has been the bulwark of liberty and freedom throughout past centuries, namely, the British constitution and all it stands for in the working of British parliamentary institutions have, under conditions which, however, prevail to-day, been prepared to accept a lot of the new ideas and new doctrines offered as a means of salvation in countries which have yet to learn the meaning of freedom. The influence of doctrines of the kind is, I believe, much more subtle than most of us have had reason to assume.

This afternoon my hon. colleague and very dear friend, the ex-Minister of Agriculture (Mr. Motherwell) made a statement as to his view of the position a member of parliament holds in relation to his leader. He pointed out that a leader had certain responsibilities in matters of legislation which possibly a private member did not have. He said that a leader of a party has to regard himself as representing not any one class but all classes, and not only one constituency but the country as a whole. It was his view that a leader has to have regard not only for the problems of his own country but must also have regard for international relations, and the like. He believed that a member of parliament, a humble follower coming from an agricultural constituency, for example, and particularly an hon. member representing mostly people interested in a particular industry or occupation, would be in quite a different position. I believe I am stating the hon. member's position correctly.

Mr. MOTHERWELL: Yes.

Mr. MACKENZIE KING: And he agrees with me. With all respect to my hon. friend, and he is a much older parliamentarian than I am, may I say that if he puts forward a doctrine of that kind he would cause it to appear that years were beginning to get the better of his judgment.

[Mr. Mackenzie King.]

Mr. MOTHERWELL: That is what the Prime Minister has tried to tell me.

Mr. MACKENZIE KING: That is the old theory of delegation which at different times has been put forward as the one which should govern representatives in parliament. I say that the delegation theory in the matter of representation is not the one under the British parliamentary system by which members have been assumed to carry out their duties in parliament.

Mr. BENNETT: Since the time of Burke.

Mr. MACKENZIE KING: Since the time of Burke, the Prime Minister has said and I wish the Prime Minister also would take the lesson to heart, because he too in many things is getting away from the true theory. The Prime Minister has well reminded us that when Edmund Burke was addressing his constituents in Bristol he told them that they were entitled to have not only his vote in parliament, but that they were entitled to have as well, his judgment and intelligence and his powers of reasoning, in regard to all questions which came before parliament, I cannot understand how any person could question at this time the fact that, once an elected member takes the oath and takes his seat in this house he must regard himself no longer as the representative of a class, a sect or of a group in the community from which he comes but as one of the representatives of all the people, of all classes and of all parts of the country.

I was surprised this afternoon to hear the hon. member for Red Deer (Mr. Speakman) indicate that he was here at the instance and under the direction of some local unit of the United Farmers of Alberta, not to do the bidding of his own judgment, and not to take an independent stand as a member of parliament representative of all classes, but to do the bidding of a particular group in the community which sent him here.

Mr. SPEAKMAN: I am sure the right hon. gentleman does not wish to misrepresent what I said. I stated in answer to a question as to whether or not I belong to the Cooperative Commonwealth Federation that I was nominated by an organization which associated itself with that body. I did not say my judgment would be limited by it.

Mr. MACKENZIE KING: I believe when my hon. friend reads Hansard he will find that he said there had been a local body which had sent him here, and that he was here subject to the direction of a particular

group. I do not remember the word he used when referring to the unit of the United Farmers of Alberta. Certainly that was the impression I gathered, and I find other hon. members gathered the same impression. However, I am quite prepared to accept my hon. friend's statement about his own position. I do know, however, that there are hon. members who take the stand that they are being sent to parliament by certain groups, and that in parliament they are bound before all else to represent the views and interests of those groups. I say that that theory of representation is all wrong. I believe it does not matter how great or how humble the followers or the leader of a party may be, they all have the same responsibility to the people as a whole, and to the country as a whole. Once they enter parliament in the capacity of representatives, they cease to represent any individual class; they are bound to forget their personal interests; they are bound to have regard for the interests of all classes in all parts of the country and are the representatives of all. It is for that reason and upon that basis that many of us of the opposition have taken our stand in opposition to certain clauses of this measure.

I should like to ask the Minister of Agriculture if I am not right when I state that the bill is founded on the theory that there will be an occupational group which will draft a scheme to be submitted to the governor in council and the governor in council must approve or disapprove of such scheme? If he approves that then the scheme becomes law? I believe that is a correct statement of what is provided in the first part of the bill. In connection with each scheme, regulations are made and offences created. I say that that is legislation based not on any theory of representation by population, but on a theory of representation by occupation. I submit that, once we begin legislating not on a basis of population, but on that of occupation, we are beginning to undermine the British parliamentary system of government, and if we continue it will not be long before we get the kind of thing which the hon. member for East Hamilton witnessed in Russia where, as he knows quite well, occupational groups determine what the law is to be. When such determination receives the approval of the supreme command it becomes enforcible over the country as a whole.

Mr. MITCHELL: I should like to point out that the occupational groups do not have any say in Russia.

Mr. MACKENZIE KING: Occupational groups or those who speak for occupational groups, present the scheme to the government, or to the superior council,—whatever its particular designation may be. The arrangement is then made binding upon all. It is a system of planning from beginning to close. At least my hon. friend will agree in this, that in Russia they have no parliament the members of which are representative of the people as a whole, but they have this council which has authority to make laws for the entire population in a manner which they believe will serve occupational interests. What, may I ask, is the difference between that and what is in this bill? This is exactly the same thing, only it is done under the guise of parliamentary forms; but parliament is a mere facade so far as being any real part of the structure once parliament has prorogued and the real work of legislating is begun. I presented the matter I think fairly to the minister when I said that these occupational groups prepare the scheme, the governor in council assents to it, and as I have said, until the bill was amended, this parliament had not even a say as to the amount of money to be spent. This board and the governor in council were to have power to dip into the revenues of the country and take what was needed for their purpose, and there was no obligation even of reporting to parliament on the matter.

References have been made to the British legislation. Let me point out the difference between the two, because it is very marked. So far as Great Britain is concerned, they have in their marketing act provision for the working out of certain schemes and having those schemes approved by the minister; but, before any scheme can become effective in Great Britain, it has to be laid before the House of Commons and the House of Lords, and a resolution approving of the scheme has to be passed by both houses of parliament. Why have we not that or some such similar provision in this bill? Why cannot we have it? If the minister will put a provision to that effect in this bill, it will remove three-quarters of the objections that we have to it. Give to members of parliament who represent the interests of all classes the right to have a say as to whether a particular scheme is to become law or not. If, after a scheme of the kind is presented and it is found to be full of compulsory or other features, it will before becoming the law of the land be open to parliament at least to debate the merits of the scheme. As this measure is drawn up, however, parliament is not given even the opportunity to debate the question, or the issues that may be involved.

The whole matter is settled apart from parliament altogether. Surely we do not wish to begin with that class of legislation in this House of Commons. If we start to-day doing so nominally for one group of producers, I suppose that to-morrow we shall be asked to do the same thing nominally for groups in some other trades or occupations, and then be asked to do the same thing for industry and the like, permitting the manufacturers, for example, to frame their own scheme and give the governor in council power to approve their scheme, which, once it is approved, shall become a part of the law of the land.

Indeed, Mr. Speaker, I believe, and this is a phase to which I wish to draw attention before I conclude, that the whole purpose of certain provisions of this legislation is to lead up to just where that kind of thing will be possible, where the governor in council will be able, with respect to the whole production of the country, and the whole industrial life of the country, to have the say as to the directions along which the production and the trade of the country are to proceed.

May I point out another feature that relates immediately to what I have just been saying, namely that it is the duty of every member of parliament to have regard for the interests, not of one class only but of all classes. Surely with respect to any legislation that affects prices, any legislation that has to do with the supply of articles of consumption, legislation that touches all the natural products of the country with the exception of those of the mines, there is every reason why the interests of consumers should be considered by this House of Commons in any legislation that is enacted. Where will you find from the beginning to the end of this bill a single clause that safeguards the interests of consumers? There is not one mention of the word "consumer" that I have been able to discover in this whole bill anywhere, nor any provision which safeguards the consumer. How different in that particular is the British legislation! I have in my hand a copy of the British enactment, the Agricultural Marketing Act of 1931. Several pages of that act are taken up in seeing that the interests of consumers are specially cared for in any legislation that has to do with marketing. Let me read only one section, section 9 of the Agricultural Marketing Act of 1931, being chapter 42, 21 and 22 George 5:

> The minister shall appoint two committees (hereinafter in this act referred to as "a consumers' committee" and "a committee of investigation") for Great Britain, England and Scotland respectively.
>
> [Mr. Mackenzie King.]
>
> 2. A consumers' committee shall—
>
> (a) consist of a chairman and of not less than six other members, who shall be such persons as appear to the minister, after consultation with the board of trade, and, as to one member, with the Cooperative Union, to represent the interests of the consumers of all the products the marketing of which is for the time being regulated by schemes approved by the minister; and
>
> (b) be charged with the duty of considering and reporting to the minister on—
>
> (i) the effect of any scheme approved by the minister, which is for the time being in force, on consumers of the regulated product; and
>
> (ii) any complaints made to the committee as to the effect of any such scheme on consumers of the regulated product.

It sets forth the powers of the committee of investigation and provides that:

> If a committee of investigation reports to the minister that any provision of a scheme or any act or omission of a board administering a scheme is contrary to the interest of consumers of the regulated product, or is contrary to the interest of any persons affected by the scheme and is not in the public interest, the minister, if he thinks fit so to do after considering the report and consulting the board of trade—
>
> (a) may by order make such amendments in the scheme as he considers necessary or expedient for the purpose of rectifying the matter;
>
> (b) may by order revoke the scheme.

Et cetera, et cetera.

There are numerous other provisions scattered throughout the act all of which are to safeguard the interests of consumers. But here we are in this parliament representative of all classes of the community, representative of the consumers of Canada as a whole, and we are being asked by the government in this legislation to allow all matters relating to the regulating of marketing and questions that affect the prices and supply of commodities and the like to be dealt with by these interested occupational groups, and without a single safeguard being provided to protect the interests of the consumers. I say, Mr. Speaker, that that is a feature of this legislation that I do not think will commend itself to anyone in the country. The producers in any particular occupation are not so shortsighted as to fail to see that, if a particular group of producers are to get rights only on condition that the interests of consumers generally shall not be considered, it will not be very long before they themselves are going to be vitally affected as consumers of the products of other groups of producers. In theory and practice alike this bill leaves out of account the responsibility of members of parliament to all classes in the country, and I say, Mr. Speaker, that in presenting

it in this form the government has been neglectful or forgetful of the first obligation of a member of parliament.

I see, Mr. Speaker, that it is eleven o'clock. I know the house is anxious to take a vote, and, if it is agreeable, I might conclude if there are not other speakers.

Mr. BENNETT: We cannot take the vote to-night, because there are other members to speak.

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

Wednesday, June 6, 1934

The house met at three o'clock.

REPORTS OF COMMITTEES

Sixth report of the select standing committee on banking and commerce.—Mr. Hanson (York-Sunbury).

Second and third reports of the select standing committee on railways and shipping, owned, operated and controlled by the government.—Mr. Chaplin.

SOLDIER SETTLEMENT ACT

Hon. W. A. GORDON (Minister of Immigration and Colonization) moved for leave to introduce Bill No. 94, to amend the Soldier Settlement Act.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Please explain.

Mr. GORDON: Mr. Speaker, this bill proposes to effect an amendment to the Soldier Settlement Act by rendering the lands now vested as to the legal title in the director of soldier settlement, liable for municipal taxes. The lands are now vested in the soldier settlement director as a corporation sole holding the lands as agent of the crown in the right of the dominion. The bill proposes that these lands, in so far as making them liable for municipal taxes is concerned, be held by the director as a corporation sole but not as agent for the dominion. The bill further contemplates that where proceedings are taken in the usual course by the municipality concerned and a sale is made for taxes the soldier shall have the right to redeem. That is the substance of the bill.

Motion agreed to and bill read the first time.

ROYAL CANADIAN MOUNTED POLICE

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 95, to amend the Royal Canadian Mounted Police Act.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: The object of this bill is to place the constables of the Royal Canadian Mounted Police force on the same status as commissioned officers of the force in regard to pensions and injuries. It is a bill that will not involve the treasury of Canada in any expense, the pensions fund will be self-supporting.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WINDSOR, ONT., POST OFFICE

Mr. POULIOT:

1. Did the Post Office Department, between the years 1930 and 1934, rent a building in Windsor, Ontario, the property of one B. J. Fox, as a postal station or sub-station?
2. If so, for how long and what was the total amount paid in rental for this building?

Mr. STEWART (Leeds):

1 and 2. The Department of Public Works leased for postal purposes from Fox Brothers & Company, Limited, of Windsor, Ont., the building at 310 Sandwich street, from November 12, 1929, to March 12, 1934. Total rental paid during that period amounted to $42,046.48.

QUESTIONS PASSED AS ORDERS FOR RETURNS

QUEBEC-MONTMORENCY COUNTY—PUBLIC WORKS EXPENDITURES

Mr. DORION:

What was the total sum expended by the Department of Public Works in each of the parishes of the county of Quebec-Montmorency, during each of the following years: 1930, 1931, 1932, and 1933?

QUEBEC-MONTMORENCY COUNTY—UNEMPLOYMENT RELIEF EXPENDITURES

Mr. DORION:

What was the total sum expended to relieve unemployment in each of the various municipalities of the county of Quebec-Montmorency, during the years 1930, 1931, 1932, and 1933?

MOTIONS FOR PAPERS

BEACON HILL, SASK., POST OFFICE

Mr. McINTOSH:

For a copy of all correspondence, letters and other documents exchanged between any person in Beacon Hill, Beacon Hill district or elsewhere, and the Department of the Postmaster General, regarding the management of the post office at Beacon Hill, Saskatchewan, during the past year; also a copy of any report made by an inspector of the Post Office Department who made a special investigation in connection with the management of said post office any time between June 1, 1933, and June 1, 1934.

Mr. BENNETT: Mr. Speaker, as I intimated the other day when the hon. gentleman was not in his place, it may be difficult to comply with the first part of the order, covering all the correspondence between any persons, but there is no reason the order should not pass because of its indefinite character or inability to meet it. As to the last part of the question, motions Nos. 1, 2 and 3 contemplate making public the reports made to the Post Office Department by its own confidential agents. The extent to which such reports may be produced depends entirely upon their character; the government reserves the right to produce such as may be thought to be in the public interest, and not otherwise.

Mr. SPEAKER: With the reservation as stated shall the resolution carry?

Mr. McINTOSH: That will be quite satisfactory, and I thank the Prime Minister.

Motion agreed to.

SPIRITWOOD, SASK., POST OFFICE

Mr. McINTOSH:

For a copy of all correspondence, letters and telegrams exchanged between any person in Spiritwood, the Spiritwood district or elsewhere, and the Department of the Postmaster General, regarding the management of the post office at Spiritwood, Saskatchewan, since September, 1930, to April 1, 1934; also a copy of the report of the inspector of the department who made a special investigation in connection with the management of the said post office during the month of February or March or any other month during the year from June 1, 1933, and June 1, 1934.

Mr. SPEAKER: Shall the motion carry, with the same reservation?

Motion agreed to.

MEDSTEAD, SASK., POST OFFICE

Mr. McINTOSH:

For a copy of all correspondence, letters and telegrams exchanged between any person in Medstead, Medstead district or elsewhere, and the department of the Postmaster General, regarding the management of the post office at Medstead, Saskatchewan, during the past year; also a copy of any report made by an inspector of the department who made a special investigation in connection with the management of said post office any time between June 1, 1933, and June 1, 1934.

Mr. SPEAKER: Shall the resolution carry, with the reservation already made?

Motion agreed to.

BUSINESS OF THE HOUSE

INQUIRY AS TO PUBLIC WORKS PROGRAM, FRANCHISE ACT AND FURTHER LEGISLATION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): May I ask the Prime Minister if it might not be arranged to proceed rather soon in committee of the whole with the resolution dealing with the government's program of public works construction? I think it would be advisable to have that program before members of the house in order that we might have some opportunity to consider it before being obliged to discuss it in detail. I should like to make a similar inquiry with regard to the franchise bill, as to whether we might not expect shortly to have that measure before the house for consideration. I suggest this because I feel we are drawing near to the end of the session, and if we could have these measures before us for some little time before we come to discuss them I believe in the end time will be saved.

There is just one further question I might ask. I assume that all the legislation, other than that arising out of the reports of committees, is on the order paper at the present time. If further legislation is contemplated would the Prime Minister kindly indicate it?

Right Hon. R. B. BENNETT (Prime Minister): With respect to the last question asked by the right hon. gentleman, he will recall that in the statement I made as to prospective legislation I indicated that we would have to reserve from that statement any enactments founded upon the reports that might be made by committees. One was the radio committee, another was the civil service committee and a third the banking and commerce committee. Both the heavier bills, the one dealing with banks and the other with the central bank, now are before the house, but arising out of the enactment of the legislation with respect to the central bank there will be the legislation I mentioned at that time, concerning the Currency Act and the Dominion Notes Act.

Mr. MACKENZIE KING: Also the criminal code I think.

Mr. BENNETT: The various members make representations to the Minister of Justice as to the amendments they think reasonably might be made, and that is usually delayed until as late as possible in the session. There will be only those amendments to the criminal code that experience has taught to be desirable. I do not believe there is anything exceptional in those, so far as I know.

With respect to the second question asked by the right hon. gentleman, I think the franchise bill might be brought down almost at any date. A rough draft that had not been considered by the cabinet was prepared covering all the points that might be thought to be desirable, and it was suggested that the draftsman, Mr. O'Connor, might have points in his mind arising out of the consideration of the act. He prepared a manuscript which was printed, but which has not been considered by the cabinet, a copy of which I tried to make available to the right hon. gentleman. The Minister of Justice (Mr. Guthrie), who has charge of the bill, has gone over the printed copy for the purpose of trying to prepare a bill, which I think it will be possible to submit to the house within the next few days at any rate; I would not say this week positively. The Elections Act amendment will be merely putting into proper form the sections of that act that are left after taking out those sections dealing with the franchise, and enacting them as a separate measure. There will be no essential structural change so far as the conduct of elections is concerned; that will be left entirely as it is now, but when the franchise bill is adopted it will be a separate act so there may be no confusion between the two.

The first question of the right hon. gentleman is one that is not as free from difficulty as the asking of it would indicate. It has been represented to us that much criticism would follow the submission of legislation of that kind especially at this time, under present electoral conditions in two of the provinces; it has been suggested that this should not be done, because someone has said that it is an endeavour to bribe the people with their own money. The schedule has been prepared and we have been considering, without arriving at any definite conclusion, the best time to submit it to the house without making it the subject matter of too adverse criticism.

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Mr. LAPOINTE: There is some wisdom in the delay.

Mr. BENNETT: The ex-Minister of Justice (Mr. Lapointe) is always more suspicious than the office he once held would warrant him in being. If he holds the same attitude of mind on all problems that he has adopted on this I hardly think he will arrive at a fair measure of understanding of the legislation, because there is no such intention on the part of the government. The difficulty lies in endeavouring to escape such unfair criticism and to enable the chamber to consider the proposals fairly and upon their merits. They are made for the sole purpose and intention of providing employment for as large a number of people as possible in the construction industry. If, after further consideration on Saturday, it is possible to do so I assure the right hon. gentleman that we shall endeavour to meet his views in that regard.

Hon. W. D. EULER (North Waterloo): I do not desire to add to the difficulties of which the Prime Minister speaks, but I should like to ask him or the Minister of Trade and Commerce (Mr. Stevens) whether we are likely to have any legislation as a result of the work of the price spreads committee.

Hon. H. H. STEVENS (Minister of Trade and Commerce): It is impossible for me to answer that question at the moment.

Mr. BENNETT: I would say that in connection with the Elections Act my colleague informs me that discussions are taking place between the draftsmen of the bill and the chief electoral officer, and there might be some changes in the bill which would modify the present provisions of the statute. I correct the statement I made, because I stated previously that I did not think there would be any, and it is just possible that there may be some as a result of the discussions which have taken place. I do not wish to leave a false impression with respect to the matter.

Mr. MACKENZIE KING: I noticed that when the Prime Minister was speaking he mentioned the possibility of reenacting the Elections Act. Did he mean that a new measure would be introduced, or simply that the old measure would remain with such clauses altered as might be necessitated by the Franchise Act?

Mr. BENNETT: What I endeavoured to indicate was that rather than have a patchwork statute with one section operative and another that dealt with the franchise not

operative, if the Franchise Act is settled then the sections of the Elections Act would be consolidated into a separate act which would mean the reenactment of the sections. And there might be—and that is the reason I am now rising—some changes with respect to some of them which might be of a substantial character, arising out of the discussions with the chief electoral officer. My first statement might leave the impression that it would be a reenactment of the sections as they stood, and I desire to correct that.

AUSTRALIAN WHEAT AND FLOUR

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): I should like to ask the Minister of Trade and Commerce (Mr. Stevens) a question with regard to the Australian wheat and flour that have been imported into Canada recently. Are the wheat and flour subsidized by the Australian government and, if so, to what extent?

Hon. H. H. STEVENS (Minister of Trade and Commerce): I wonder if my hon. friend would permit me to make an observation in that regard?

Mr. SANDERSON: Certainly.

Mr. STEVENS: The way in which he has asked his question makes it somewhat difficult to answer. I think there have been no recent importations; I believe one comparatively small shipment is en route. I think it would be a most unhappy thing if this became a subject of controversy between the two countries. I can assure my hon. friend that the matter is very satisfactorily in hand, and I do not think there will be any hardship, difficulty or injustice of any kind done to those in eastern Canada whose welfare no doubt the hon. member has in mind. I should deprecate, however, erecting it into a subject for discussion in the house which could do no good to anyone, and at the same time I can give him the assurance that the matter is being attended to very, very satisfactorily.

Mr. SANDERSON: The minister did not answer my question. Are these importations subsidized by the Australian government?

Mr. STEVENS: No, not to my knowledge. Without looking into the matter I cannot answer that question, because the Australian system in regard to many products is very complicated, and I cannot answer it offhand. So far as I know, however, the answer would be in the negative.

[Mr. Bennett.]

SALES OF WHEAT IN THE ORIENT

On the orders of the day:

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, may I draw to the attention of the government, and particularly to that of the Prime Minister, by way of a question of privilege rather than by a simple inquiry, the very long time which has elapsed since an order was passed asking for all the correspondence and reports which might have passed between the Hon. Mr. Marler, our Canadian representative in Tokyo, and any member of this government. I have privately spoken to other ministers and I do not wish to harry them too much during these times of stress. I have spoken to the Secretary of State (Mr. Cahan) who always desires to accommodate, but obviously he cannot table a report if such report is not put into his hands. That fact is quite apparent.

His last reply would seem to indicate that the Minister of Trade and Commerce might have it lingering around his department. I got such decent treatment over there that two of his officers went to see if they could not get the return reduced. We came to an agreement. There were two reports in existence from Mr. Marler with regard to this important question of marketing grain and selling flour in China. Certainly that would seem to be a very important question at this time. I repeat that I got nothing but kindness; but I did not get the blooming report.

Not quite a year ago I had occasion to appeal to Caesar, and Caesar on his own behalf or on behalf of someone else replied very promptly. I am going to appeal to Caesar again to-day and see if he cannot put a tracer on this return. I have been waiting four months, and hon. members will realize that that is a long time for one who sometimes feels a little bit impatient about the way things are going on. I have waited four months, and I may need it any time. What would be the use of it next year? There may be no next session, so far as this parliament is concerned, and I want it this session. In my most pleading tone which I can use in addressing the Prime Minister I would ask: Will Caesar come to my relief again?

Mr. BENNETT: Et tu, Brute! Mr. Speaker, I suspect that what the hon. gentleman intended to say was, "I come to bury Caesar, not to praise him." At any rate, leaving that for the moment, I desire to point

out to the hon. member that he has raised a question of very great difficulty. Reports which are sent by ministers abroad to the Department of External Affairs have not, as a matter of course, been brought down to parliament. But those which were made to the Minister of Trade and Commerce touching commercial matters have been made available, and the minister has indicated that that report would be brought down by the Secretary of State. I am of the opinion that there is nothing in the reports made by the minister to Japan to the Department of External Affairs which should be included in the return. That is my present view, and the return will be tabled with the copies only of the documents to which the hon. gentleman has referred. I thank him for his kindly reference to one who has long since departed this life.

UNEMPLOYMENT RELIEF

MONTREAL RELIEF ACCOUNTS

On the orders of the day:

Hon. FERNAND RINFRET (St. James): Mr. Speaker, I wish to direct a question to the Minister of Labour (Mr. Gordon). Yesterday the hon. member for East Hamilton (Mr. Mitchell) inquired from the Minister of Labour as to whether he could confirm a news dispatch appearing in the press concerning the discontinuance of direct relief by the federal government after June 15. The minister confirmed the report, but stated that special consideration might be given under exceptional circumstances. I should like to ask the minister to-day if special representations have been made on behalf of the city of Montreal concerning the continuance of relief after June 15, and if so would he be in a position to make a declaration, if not to-day at least as soon as possible, to alleviate the great disquietude of mind of the population of Montreal in regard to this matter.

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, the situation in which the city of Montreal finds itself is not unknown to me. It is a question of financing, and perhaps one of the most serious difficulties confronting the city is its apparent inability to convince the provincial auditors of the province of Quebec that they have disbursed funds and created obligations in the manner and within the scope of the agreement which was entered into between the province of Quebec and the federal government. Beginning in last year, the situation has become acute, and has reached the point where at times—and even at the present time—accounts coming through for the dominion's share payable to the province for relief in the city of Montreal have been from six to eight months behind. That situation is I believe being given very serious attention by the city officials. If the situation can be cleared up, and the accounts received by the dominion from the province of Quebec for the moneys which the dominion has agreed to contribute to the province of Quebec in order to assist the city of Montreal with regard to direct relief, then it will at least place the financial position of the city in a very much more favourable state. The city of Montreal have made many representations to the dominion government with respect to their position. I think they realize that the difficulty that confronts them is as I have stated. Their accounts for last year are not in order. The provincial auditors are apparently having great difficulty in completing an audit that will make it possible for the officials of the Quebec government to render an account to the dominion that we can entertain and pay. I expect that the whole situation concerning the city of Montreal will come under review very shortly as to whether or not it is necessary for the dominion with respect to that city to contribute towards the province to assist it in discharging its constitutional responsibilities. At the present time no representations have been made that are sufficient to found any judgment upon with respect to the dominion government, but as I say I expect that the matter will be under review in the course of a very short time. I do not think I can add anything further to my answer.

CONTRIBUTION TO QUEBEC ROAD FUNDS

While I am on my feet, Mr. Speaker, I would like to refer to a question that was asked yesterday by the hon. member for Champlain (Mr. Baribeau), which will be found at page 3661 of Hansard regarding a statement that is alleged to have been made by Mr. Arcand, Minister of Labour for the province of Quebec and reported in Le Canada in its edition of May 21st last. The statement alleged to have been made by Mr. Arcand is as follows:

Our government—

Meaning the government of the province of Quebec:

—does not receive from the central government—

Apparently referring to the dominion government:

—that to which it is entitled. Thus Ottawa has given $10,000,000 to the province of Ontario for the construction of highways whilst the province of Quebec has received only $350,000. If it is so just to help the neighbouring province—

Mr. Arcand does not deny that:

—Ottawa should also give at the same time $8,000,000 to the province of Quebec.

The question asked was: Is the above statement made by Mr. Arcand in accordance with the facts?

I am not at all sure that Mr. Arcand made this statement. In fact, from some reports that have come to me, I am inclined to the view that he did not. At any rate the matter should be cleared up, and I think I can do it in a moment. The statement as it appears would be substantially correct if the amount said to have been paid to the province of Ontario were reduced substantially by fifty per cent, and if the amount said to have been paid to the province of Quebec were increased substantially by fifty per cent.

Mr. RINFRET: Even then may I ask the minister what the figures would be according to his own admission?

Mr. GORDON: I will come to that very shortly. The figures, this is for roads alone, would be for Ontario for the four years commencing 1930 down to date approximately $6,500,000; and for the province of Quebec approximately $750,000, or perhaps slightly under that.

Mr. RINFRET: So the figures are not much better!

Mr. GORDON: When I get finished perhaps the hon. member will be more content than he is at the moment.

The province of Ontario and the province of Quebec, with respect to contributions from the dominion government to highways and roads, are operating under exactly similar agreements, the dominion contributing sixty cents per man-day to work upon what is known as the trans-Canada highway, and fifty cents per man-day to work upon other provincial roads. The province of Quebec with respect to roads apparently did not think it wise or necessary, and I have no reason to quarrel with their judgment, to project roads under the agreement to the same extent that the province of Ontario thought it wise and necessary. Had the province of Quebec held a different opinion and considered that the better way to relieve unemployment and to furnish work for its citizens was to spend more upon highways, then under the terms of the agreement the dominion government would not have hesitated to make the advances that would have been necessary to cover any additional work. Ontario, on the other hand, did believe that that was the proper and businesslike way to create work and take care of unemployment. Quebec in other directions has gone further than Ontario, using their judgment and having regard to the particular circumstances of the situation that they as a province have to meet.

It is utter folly in my view to try to compare what one province got in a particular direction for a particular purpose with what another province got for the same purpose, and then come to the conclusion that one province is being discriminated against having regard to what another province may have got. That is no test whatever. The principle, if a principle be said to underlie this whole problem, is one of need and necessity, and the inability of the province or the municipality, or both, to discharge their constitutional functions, and it is not a proper adjudication of the position of a province or of this government with respect to contributions to say that one province got a lot of money and the other did not, and that therefore this government or the provincial government concerned should be condemned on that account.

OLD AGE PENSIONS

On the orders of the day:

Hon. J. L. RALSTON (Shelburne-Yarmouth): I would ask the Minister of Labour if it is the intention of the government to introduce any legislation this session amending the Old Age Pensions Act?

Hon. W. A. GORDON (Minister of Labour): Amendments to the Old Age Pensions Act have been under consideration by the officers of the Department of Labour with the various officials of the provinces who administer the act, but there is not a unanimity of opinion amongst the provinces as to the amendments that might properly be made. It is my hope that something may be done this session that will permit of legislation at least being advanced to the stage where it can be introduced at the next session of the house, but I am not hopeful that it can be prepared in time for enactment at this session of parliament having regard to the views of the various provinces.

FRUIT AND HONEY ACT

On the orders of the day:

Mr. A. E. MacLEAN (Prince): Mr. Speaker, I should like to ask a question of the Minister of Agriculture (Mr. Weir). Under the amendment to the Fruit and Honey Act passed this session certain regulations have been put into effect. These regulations do not appear to meet with the views of dealers in general and I should like to inquire of the minister if he has received a request that these regulations be held up until they are looked into further. I should like to know also if it is correct that a licence fee of $50 will be charged each dealer and that dealers will be compelled to put up a government or provincial bond before they can operate to the extent of $5,000 or over.

Hon. ROBERT WEIR (Minister of Agriculture): I would ask the hon. member to allow his question to stand until I have looked into the matter.

SWEEPSTAKES INFORMERS

On the orders of the day:

Mr. E. J. GARLAND (Bow River): Mr. Speaker, I should like to inquire of the Minister of Justice (Mr. Guthrie) if it is the intention of the government to introduce an amendment to the criminal code to delete or modify the section concerning informers of sweepstakes winnings.

Hon. HUGH GUTHRIE (Minister of Justice): I expect that a bill to amend a number of the sections of the criminal code will be introduced probably next week, and this is one of the sections being considered.

Mr. GARLAND (Bow River): I hope that amendment will be brought down.

PASSAMAQUODDY AND COBSCOOK BAYS REPORT

On the orders of the day:

Hon. PETER J. VENIOT (Gloucester): I should like to know the cause of the delay in the delivery of the report of the Passamaquoddy bay international commission report?

Right Hon. R. B. BENNETT (Prime Minister): This report was sent to the printing bureau to be printed. As a consequence of what the hon. gentleman said the other day, I inquired whether it had been translated and I was informed that it had not. I instructed that it should be translated. There is a great deal of translation necessary to be done in connection with parliament and there have been many delays. It is possible the English copy is available now and I shall see that the hon. member gets one.

MARKETING ACT

ORGANIZATION TO IMPROVE METHODS AND PRACTICES IN MARKETING NATURAL PRODUCTS

The house resumed from Tuesday, June 5, consideration of the motion of Mr. Weir (Melfort) for the third reading of Bill No. 51, to improve the methods and practices of marketing of natural products in Canada and in export trade, and to make further provisions in connection therewith.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, in my remarks of last night I pointed out that the long discussion of this marketing bill in committee of the whole had made apparent, first, that the bill was greatly in need of amendment; second, that there were many provisions in it with respect to which there was little if any difference of opinion between the members of the house and, third, that there were certain provisions with respect to which hon. members of the two sides of the house differed very materially, and possibly to an irreconcilable degree. I stated that my purpose in rising was to move, before I concluded what I had to say, that the bill be referred back to the committee of the whole in order that, in the light of what might be said on the third reading, those few sections upon which there was a difference of opinion might be reconsidered with a view to seeing whether under the application of that principle which has met with favour with respect to the other provisions which have been amended they could not be brought into comformity with the general procedure and practice of this house in matters of legislation, and thereby made acceptable to the house as a whole. Before the conclusion of my remarks I shall move the amendment but, I wish to say immediately that the exception which we are taking to the provisions to which I have referred is an exception

which we would take to any legislation which might be presented to this house and which proceeded along similar lines. It is not exception to the introduction of a marketing bill, it is not exception to regulations with respect to marketing, nor to regulations that may be proposed, it is essentially exception to delegating the powers of parliament with respect to legislation and with respect to judicial and quasi-judicial decisions to the governor in council, on the one hand, and to local boards, on the other, thereby subordinating parliament to inferior bodies instead of maintaining, as this House of Commons always should, the subordination of inferior bodies to parliament itself, whether they be local boards or the governor in council. In other words, our sole aim is to maintain the sovereignty of parliament in all things. That is a great fundamental constitutional principle and we feel that to depart from that principle is to open the door to the invasion of the rights of all classes in this country, consumers and producers alike, in a manner which in the long run is certain to prove injurious to their interests and liberties. The little good which the bill if enacted in its present form might serve will be more than offset by the evil which may conceivably and which I believe will inevitably take place as a consequence of the powers which are being given to these local boards and to the governor in council to legislate and to perform judicial and quasi-judicial functions without any supervision on the part of parliament and without any restraint on the part of the courts. These are farreaching objections as they go to the root of liberty itself and I believe this parliament cannot consider too carefully all provisions which are as subversive of its authority and of the authority of the courts in protecting the rights and liberties of the people as are the provisions which I have indicated.

I drew attention to the fact that this bill omitted all reference to the consumer, that it contains no provisions intended for the protection of the consumer, notwithstanding the fact that it is a measure which is intended to affect prices and the supply of commodities, both of which matters are of vital concern to the consumer. There is nothing in this legislation which protects the rights of the consumer. Parliament represents all classes of the community, and I maintain that this House of Commons should not permit the enactment of any measure, whether it relates to the regulation of the marketing of produce or any other subject, which is going to affect the rights of the consumer without having the measure contain some provision which will effectively safeguard the consumer in his rights. That is an illustration of the attitude which I am taking in criticizing this bill. As I say, it is criticism which would be directed against any other measure which would go the length which this one does either in failing to secure the rights of citizens generally, or in failing to maintain the adequate control which parliament should have over all legislation.

I pointed out that the bill as presented is in two parts. So far as the second part, which relates to investigations, is concerned, there was after its amendment practically no difference of opinion between the members of the house. I pointed out, and perhaps I should have emphasized this more than I did, that, so far as the second part is concerned, if it is going to be of any value at all, it will be of value in consequence of the amendments which were introduced as the result of suggestions and emphasis from this side of the house. The bill as originally drafted confined all investigation to investigation of such natural products as might be classed as regulated products which might mean few or none. The amendment expanded the provisions of the section so as to permit of investigation into any natural product or the derivatives of natural products. May I say that in that particular I think the measure would be of even greater advantage to producers if we further extended the classes of subjects which may be investigated, and of the matters which may be investigated. As the bill now stands it relates solely to natural products. Now, if it is desirable to investigate primary industries having to do with natural products, in order to discover the cause of price spreads, excessive profits and the like, I see no reason why it should not be equally advantageous to have power to investigate manufacturing industries to see what in the case of these industries also accounts for the spread of prices, excessive profits and particularly for the difference between the prices which manufacturers receive for their products and the prices which the great producing classes of the country receive for their commodities. Unless before this session is over there is introduced legislation, which will serve to broaden the scope

of investigation into manufacturing as well as all other branches of industry, we shall certainly be left under the impression that, so far at least as investigation is concerned, the producers are getting the small end of it; I should add that unless power is given to enable the investigation of all industrial concerns where there is reason to believe that the price spread is too considerable that profits are excessive, or that the tariff, for example, is enabling monopolies to be formed and too much in the way of profits to be secured at the expense of the consumer on the one hand, in the prices he has to pay, and at the expense of labour on the other hand, in the wages which labour is receiving, then later on, should a Liberal administration come into office any existing legislation of the kind will certainly be expanded so as to ensure that the manufacturing branches of industry are also made a subject with respect to which the provisions relating to investigation will apply.

Now, not only is the bill divided into two parts, but the first part of the bill, which is the part to which I shall refer exclusively from now on, appears to be in reality two bills compressed into one. As I read the legislation, it seems to me that one bill has been superimposed as it were upon the other; that there has been drafted an original bill which would make palatable to producers the idea of registration, of licensing, of restricting sales, of limiting production, and of compulsion. These features have been made palatable to producers by having it appear that these particular powers are being given to occupational groups who, as has so often been said in the course of this debate, will themselves control the question as to when they are to be put into operation and the extent to which they are to apply. Having once given that power in that way to local boards of producers, ostensibly solely to serve their own immediate ends, and having to that extent and in that way got the producers committed to the principle, then the bill goes on to indicate that similar powers shall be given to the governor in council with respect not only to those classes of commodities in which particular groups of producers may be interested, but with respect to virtually the whole production and trade of the country, so as to enable the governor in council, by a similar system of registration, of licensing, and of restrictions as well as by total prohibitions, to regulate by order in council the trade and commerce and production of the country.

It is not going to be possible to get over the fact that that power is there by doing what the Solicitor General (Mr. Dupre) sought yesterday to do, and in fact did do, namely, by telling the house and through the house leading producers to believe that the governor in council will be governed by what the producers themselves tell him. There is nothing in the bill which compels the governor in council to seek the advice or to abide by the will of the producers in this matter. Power is there given to the governor in council and given for a very specific purpose, on which I shall enlarge in the course of my remarks.

I wish now to quote the sections of the bill—and they are very few—which contain the features to which I have referred, and which I think are the sections that should be specially considered if this bill is referred back to the committee. They cover the sections referred to in what I shall say in the amendment with regard to reference back to the committee. They are sections which in my opinion in the light of what is now being said, if for no other reason should be referred back for the purpose of being further considered. The first section to which I refer is section 4, subsection (1), paragraphs (a) and (f), which deal with the power of the board in relation to local boards:

> 4. (1) The board shall, subject to the provisions of this act, have power
>
> (a) to regulate the time and place at which, and to designate the agency through which the regulated product shall be marketed, to determine the manner of distribution, the quantity and quality, grade or class of the regulated product that shall be marketed by any person at any time, and to prohibit the marketing of any of the regulated product of any grade, quality or class; ...
>
> (f) to require any or all persons engaged in the production or marketing of the regulated product to register their names, addresses and occupations with the board, or to obtain a licence from the board, and such licence shall be subject to cancellation by the board for violation of any provision of this act or regulation made thereunder;

When we take these provisions along with what hon. members of the government have said in reference to them, it is easy to understand why they might appeal strongly to producers. They allow the producers in particular localities, with respect to commodities which they themselves are producing, to create a local board which will draw up a scheme, which scheme is submitted to the governor in council and, if approved by the governor in council, becomes the law of the land. The scheme may go the length of requiring every producer to register and to have a licence, creating new sets of offences for the violation of regulations which may be made—and any regulations may be made—and bringing all producers in the particular indus-

try under the control of such regulations, which will be made not by parliament as representative of all classes in the community but by an interested occupational group. Seemingly, all that may make this very palatable to the interested producers; but as we go further along in the measure we shall find that quite apart from this, there is another part of the bill which gives all these powers to the governor in council, altogether independently of what any producer or group of producers may do or say, and apart entirely from what may be the interest of any class of producers. It gives to the governor in council, in relation to practically all production and all trade, power to make compulsory regulations of this very kind.

That is the point which I hope will be clear not only to members of this house but also to those to whom the bill is being presented as being greatly in their interest. The next clause—and this is an interesting one—is section 6, subsection (2)—perhaps I had better read the whole section:

6. (1) When a scheme has been approved by the governor in council, the minister shall give public notice thereof in the Canada Gazette.

(2) The provisions of the scheme as approved shall have the force of law, and the local board shall, from the date of the publication of the said notice of approval, be a body corporate.

I stop here to make it perfectly clear that this section, combined with the others, gives all power of legislating with respect to the regulations that are to govern, all the power of legislating with respect to such matters as licensing, sale, or offering for sale and the conditions that shall control the granting or the revocation of licences, to local boards and to the governor in council exclusively, bodies that are inferior to and ought to be subordinate to parliament. It reverses the whole constitutional procedure and practice of parliament in making as respects the legislation which is to govern parliament subordinate to these bodies instead of keeping these bodies subordinate to parliament. Should it become necessary to compel producers to register, to take out licences to produce this or that commodity, and trade and the like, I see no reason why that should not be done. But if it is to be done it should be done by this House of Commons which will represent the interests of all producers and all consumers. This measure is not even fair to all producers. May I point out—and this is essential—that there is no clause in this act which requires all producers to be a party to or consulted in reference to its enactment, or even to have a voice in selecting the group that is to lay the scheme before the governor in council. There is nothing corresponding to what there is in our Elections Act, whereby all persons having a certain qualification may vote for the representative who is to have a say in the making of the laws. This measure leaves it open to any particular group to prepare a scheme, to put it before the governor in council, and for the governor in council, behind closed doors, and without the approval of parliament, to make the scheme thus presented the law of the land. I submit that that is going entirely too far, and is also depriving producers themselves of rights and liberties which they now enjoy and should be permitted to continue to enjoy.

May I go a step further? While there are in the British act some provisions with respect to allowing under certain conditions the licensing of producers, the granting of licences on certain conditions and the like, there are also in the British act many clauses which safeguard the interests of all producers and require that they shall have at least some redress if any one of the number feels that he is injured and is found to have suffered loss. In this legislation there is nothing which guarantees redress to an individual producer who feels that he has not been dealt with rightly and fairly. We were told by a member of the ministry that there would always be the right of appeal to the privy council. What chance has a farmer in western Canada or in any other part of this dominion, who feels that a right of producing certain commodities has been taken away from him, to appeal to the governor in council for redress? What guarantee is there that he will be heard? What guarantee is there that the decision will be fair? The law to be enacted simply prevents his getting his case before any court for fair adjudication. The British act provides for arbitrators to whom appeal may be made by producers who think they are not fairly dealt with. It has other provisions which specifically set forth the form of redress. I submit that in delegating these judicial and quasi-judicial functions to these local boards the governor in council is taking away from the individual the rights of redress in the courts of the land, which he should have for anything that affects his liberty and his property.

I referred yesterday to The New Despotism, a book by the Right Hon. Lord Hewart, Lord Chief Justice of England. Lord Hewart points out that this matter of licensing, where it is not accompanied by express provisions which will give to producers who may be affected thereby a right of appeal to some arbitrator or court for justice, is taking away

the right of the subject to have at all times the protection of the courts with respect to his liberties. He says that the determination of licensing, where left by parliament to a minister or a board is the delegation of a quasi-judicial function. And the Lord Chief Justice of England says that where the courts are closed to redress, it is an indefensible delegation. Such is the case here. I am not going to take time to quote from this book, I shall just refer hon. members to its pages, The New Despotism, pages 66, 67 and 68, where they will find instances of the delegation of certain judicial or quasi-judicial functions in a manner very similar to those in this bill, and which the Lord Chief Justice himself declares to be wholly indefensible. Oddly enough Lord Hewart concludes one chapter with reference to a provision found in some British statutes which is similar to the provision I read a moment ago from the bill before this house, the one which says that the provisions of the scheme as approved shall have the force of law, and that the local board shall from the date of publication of such notice of approval to be a body corporate. A section similar to this is known in Great Britain as "the conclusive evidence" section of acts which deal with such matters. With respect to conclusive evidence sections, sections that are put in to make it perfectly clear that parliament has to all appearances made anything that these local boards may do part of the law of the land and therefore no longer subject to appeal or redress in the courts, Lord Chief Justice Hewart says:

> Another provision, which is frequently inserted, presumably because it is intended to deprive the court of jurisdiction to inquire into the validity of a rule or order after it is once made, is that the rule or order shall take effect "as if enacted in this act."
>
> This provision is apparently thought to give the rule or order the status of an act of parliament, the validity of which cannot, in any circumstances, be questioned.

I submit that it is going pretty far for this parliament hastily to enact legislation which may deprive producers themselves of any redress with respect to what may be effected under the licensing provisions except such redress as they may be able to secure at the will of the governor in council. And may I point out that this provision appears, as I have already said, in the early sections of the act which deal with the powers of these local boards. The producer in reading this will undoubtedly say to himself: This relates only to some matter that I am vitally concerned in myself, and which it is going to be to my self-interest to control, therefore I will leave that section in the act. But a little further on the same power is given to the governor in council in reference to or apart altogether from the thing the producer may be specially interested in. Power is given to the governor in council to act in a purely arbitrary manner in the granting of licences and imposing obligations with respect to registration and the like.

The British marketing act in seeking to protect producers against arbitrary action goes even further than I have thus far indicated. It contains provisions whereby if a producer is deprived of a licence under the provisions of the act he may be compensated for loss that he has sustained because of not being granted a licence. In this bill there is no provision for compensation of producers in that way. The government may one day have a policy to restrict the production of wheat, or the sale of wheat, which soon comes to mean its production, another day a policy of restricting the production of fruit, or the sale of fruit, which will restrict production. Under the British act, if the government attempted to carry out a policy of that kind the man who did not get a licence, or who found he was as a consequence obliged to reduce his production, would at least have the opportunity of getting some compensation on making out a case for it. But under this bill there is no such power given to the producers in our country. Let me read the sections of the British Agricultural Marketing Act, 1933, which relate to the matters to which I have just referred:

> Every development scheme shall provide for the following matters, that is to say:—
>
> (a) for securing that, in such class of cases as may be specified in the scheme or determined by the development board, compensation shall be payable by the board to any applicant for a producers' licence who is aggrieved by the refusal of the board to grant the licence or by any conditions attached thereto, as the case may be;
>
> (b) for securing that where any person producing, or desirous of producing, the secondary product in the area to which a related marketing scheme for regulating the marketing of that product applies, is aggrieved by any act or omission of the development board, he may refer the matter to one or more arbitrators appointed in accordance with the development scheme, and for the manner in which any such reference is to be heard and determined;
>
> (d) for exempting from all or any of the provisions of the scheme producers of such classes or descriptions as may be specified in the scheme or determined by the development board, or the production of any such description of the secondary product as may be so specified or determined.

Those are only sample provisions, there are others which still further protect the rights of producers. This bill, which is being put

forth ostensibly in the interests of producers, may become a weapon to be used against producers to such a degree that their interests will suffer beyond anything which at the amount they can conceive. Unless this act is amended before it finally passes, so as to include some provision which will safeguard the rights of producers with respect to licences and so forth in the manner I have indicated, then I think that in the interest of the producers themselves it would be infinitely better that the measure should not be permitted to carry at all.

So much for what I would call the first act, the act introduced in the interests of producers, which makes a very strong appeal to producers and is embodied pretty largely in the first few provisions of this bill. But now comes what I would call the second act, which is superimposed as it were on the first, its sections interlarded with the other provisions, and which I think should be read quite separately from these provisions, because it does not relate to anything a local board of producers may do, or to anything that any committee of producers may ask, but wholly and solely to what the government of the day may wish to do with respect to the trade and commerce and production of the country. There are just two sections dealing with that, and I should like now to read those sections. The first is section 9:

9. Notwithstanding any other provision of this act the minister may, if he is satisfied that the trade and commerce in a natural product is injuriously affected by marketing conditions through the lack of a local board, at any time propose a scheme for the marketing or the regulation of the marketing pursuant to section four of this act of such product in interprovincial and/or export trade, and the governor in council may approve of such scheme and authorize the board to administer such scheme directly or in cooperation with local boards, or through any agency which it may establish. Such scheme shall continue in force until terminated by the governor in council.

There parliament is giving a perfectly free hand to the governor in council to draw up any scheme it pleases and make that scheme the law of the land. That is planning by the executive of the day not by parliament or with the approval of parliament. When hon. gentlemen in the far corner talk about planning they think of planning by the C.C.F.; they do not think of planning by the Tory party of Canada, but this section combined with the other

I shall read gives the Tory party power to make whatever plans they please with respect to the production and trade of this country, not only the local trade but interprovincial and export trade as well. It is true this section is so worded in its reference to injurious conditions as to pave the way for the next, but are hon. members going to be indifferent in the matter of allowing that section to remain? I propose to move an amendment asking that the bill be referred back in order to have that and the other section further considered, and I hope the motion will receive the support of those who see their significance. Once producers become alive to this situation, the tone of some will be very different from what it is at the moment.

Now I come to the other section to which I have referred; these are the sections to which I am taking such strong exception. I refer now to section 12, which relates to the restriction of imports and exports. I ask hon. members to listen to this section, which might very well be read as a separate act. I ask this house whether, if this particular provision were introduced in the form of a separate bill, this House of Commons would countenance it for a moment. I venture to say that for very good and sufficient reasons the house would not do so. Let me read this section which, as I say, constitutes an act of parliament in itself:

12. The governor in council may by order or regulation, notice whereof shall be published forthwith in the Canada Gazette,—

(a) regulate or restrict the importation into Canada of any natural product which enters Canada in competition with a regulated product;

(b) regulate or restrict the exportation from Canada of any natural product;

(c) provide for the licensing of persons by whom any such natural product may be imported or exported;

(d) prescribe the forms of such licences and the terms and conditions upon which the same may be issued, renewed, suspended or revoked by the governor in council.

I wonder if those who are supporting this measure will appear on the public platform and read that section to the producers of this country. I wonder if they will come forward and say they supported a section of this kind, which gives the governor in council exclusive power to compel the taking out of licences with respect to the importation or exportation of any commodity coming within the

definitions of this act, for which the governor in council may wish to require that a licence be taken out. The reference to a regulated product in subsection (a) is in no way restricting as the governor in council may have any product regulated if he so desire. And may I direct the attention of the house to this further fact? With respect to this power which will be used by the governor in council there is no redress on the part of the producers who may feel themselves aggrieved. There is no provision for appeal of any kind, to any source. I wish to repeat that the government cannot get over the force of what I am saying by seeking to do what the Solicitor General, who is a member of the administration, did yesterday; that is, to have it appear that this clause is not to be read in any way other than that it will be exercised only at the instance of interested producers. The Solicitor General spoke as a member of the ministry, and indeed the Minister of Agriculture in speaking at different times in committee, said much the same thing. I have no doubt that both these hon. gentlemen mean that if they continue—

Mr. WEIR (Melfort): I do not wish to interrupt the right hon. gentleman, but I do wish he would be more definite in statements with reference to myself. He said, "much the same thing." That is much too vague an expression. I certainly did not give the committee the impression he is trying to suggest.

Mr. MACKENZIE KING: I am very sorry; I thought I was doing the minister a kindness when I said that. I was saying that the Minister of Agriculture had conveyed the impression that he would be a minister of the government, that he would be the Minister of Agriculture and that he would have a say as to how this particular section should be put into operation, and being in that position he would see that it would be exercised only in the interests of the producers. What is there to take exception to in that? I was about to say that I thought the minister was thoroughly sincere in making that statement.

Mr. WEIR (Melfort): The statement of the right hon. gentleman, as I understood it, was that this action would be taken only at the request of local boards.

Mr. MACKENZIE KING: No, I was not discussing local boards at all; in fact if my hon. friend had been following me he would have seen that my point was that this section had nothing to do with local boards. This is the power given to the governor in council alone to do as he pleases, and I was saying that the only excuse or defence put up by the ministry for taking to themselves a power of the kind is that they are going to see to it that it is only exercised at the instance of the producers themselves. I say they cannot give that guarantee. The express terms of the legislation is there. There are no qualifications or limitations. What guarantee have we that any member of the present ministry is going to continue in office indefinitely? What guarantee have we that the government itself is going to continue in office? This legislation is here for all time.

Mr. BENNETT: Oh, no.

Mr. MACKENZIE KING: For all time, until parliament repeals it. In the meantime the governor in council may do as it pleases with respect to the powers given to it in this section, and there is nothing in this act which restricts those powers.

Mr. ERNST: It is nice of you to concede that the present governor in council is there for all time.

Mr. MACKENZIE KING: I want to make perfectly clear that should occasions arise such as the minister himself has pointed out, when it might be desirable to prevent certain shipments of inferior stock being made, power to deal with diseased animals or anything of the kind, that such power should be given to the ministry. But if that power is to be given it should be given by this parliament in language expressed in the statute itself, and it should be exercised in virtue of the statute and subject to the limitations imposed by parliament. There should not be given a broad, blanket authority, such as we have here, to legislate as the governor in council pleases with respect to exports and imports.

I come now to what I was about to say a moment ago: The only excuse or explanation which the ministry has been able to give is the one to which I have referred. The words of the Solicitor General appear at page 3681 of yesterday's Hansard as follows:

> The bill gives the power, further, to restrict the export of products from Canada when it is in the interests of producers to impose such restrictions. But the producers themselves are the people who will say whether they want restrictions of imports or exports.

Remember it is a minister of the crown who is speaking. Then the report continues:

> Mr. Mackenzie King: Where do you see that?
> Mr. Dupré: The second part of the bill provides for the determination of investigations, and so on.

The Solicitor General did not answer my question, but went on to discuss another matter. Then I brought the subject to his attention again in the following manner:

Mr. Mackenzie King: Would the minister allow a question? I did not wish to interrupt him in the course of his remarks. A moment ago he said it would be for the producers themselves to say when there were to be restrictions of imports or exports. Where does he find that in the bill?

Mr. Dupré: That will be done by local boards and the federal board. The local boards and the federal board are controlled by the people who take part in these activities, and those people are the producers or the farmers. That is my contention. They will speak for themselves, and decide what attitude they should take, namely as to whether they would be in favour of or against restriction.

There follows another paragraph, which does not relate to this matter. Then I addressed the Solicitor General in these words:

Mr. Mackenzie King: Before the minister concludes, may I say that he did not answer my question? I asked him where he found in the act a provision which allows the producer to say when imports or exports are to be restricted.

Mr. Dupré: My right hon. friend remembers perfectly well the discussion that we had of that point in committee and the statements that were made by my colleague the Minister of Agriculture. I have not the act before me at the moment, but my right hon. friend knows that the boards will decide what policies they are going to follow, and if they decide in favour of restriction they will make regulations accordingly. That is the procedure that will be followed, and it is for the board, not for the government or any party, to decide.

Just a moment ago when the Minister of Agriculture interrupted me that was what he said. He stated in his interruption that the matter related to the board. I went on to say to him that it had nothing to do with the board. The section I was discussing was the one which gave absolute and complete authority to the governor in council. I continued my remarks yesterday as follows:

Mr. Mackenzie King: I am afraid the minister has forgotten a part of the bill, because what he says applies only to its early provisions. The part relating to restriction of exports and imports appears by itself under a distinctive heading. It is a paragraph by itself, section 12. It says the governor in council may restrict, and it is only the governor in council. There is no clause anywhere in the act which gives the producers the power to tell the governor in council what to do.

Mr. Dupré: The governor in council will pass orders in council after having received suggestions from the local board, and regulations will be made accordingly.

That is all the ministry can say with respect to that section, and I say to the Solicitor General, and to members of the government generally they know perfectly well that while each one individually and all collectively may make certain professions and have certain intentions, the language in that section goes beyond anything which up to the present time they have either professed or expressed the intention of carrying out.

The section is not there by chance; it is there to give the ministry absolute authority, when it wishes to exercise it. If what the government states is true, namely that they do not intend that it shall be exercised in the way I have indicated, then I say to them let them take the bill back into committee of the whole and amend it by adding a clause which in precise language will state on what occasions, under what conditions and subject to what limitations this power may be exercised by the governor in council. If that is done satisfactorily, then our opposition to the measure in that regard ends. But if that is not done, and if the government refuses to recommit the bill with a view to stating precisely what the limitations are under which the power shall be exercised, and what the conditions may be which will govern in the matter, I think there can be only one explanation of its attitude, and that is that the government wants such power ready to use with respect to policies which it may have in mind, but which do not appear on the face of the bill.

That brings me to what I wish to say with regard to the power for which the governor in council is asking with respect to restrictions. I am going to be very outspoken and frank in this matter. I say that the purpose for which the government wishes that particular section is to enable it to work out its policies of economic nationalism and economic imperialism as circumstances of the moment may render possible and advisable. I do not think that the Prime Minister will deny, can deny or would wish to deny that the policy of this government since coming into office has been one of economic nationalism. He has deplored it; different members of the ministry have deplored the fact that such a policy has been necessary. They have all said, "Other countries are doing it. Every nation is going in for a policy of economic nationalism, and we have got to go in for the same thing." In other words, there must be economic warfare, and as the Prime Minister said in his campaign speech, we must make tariffs fight. This is part of the policy of making tariffs fight. It is to give the Prime Minister power which he wishes to have in order to make tariffs fight, when he wants to prohibit the importation of certain com-

modities or goods into this country or to prohibit the exportation of certain commodities or goods out of the country to work his will. He wants to be able to do that without having to ask parliament for authority. That is why the provision is in the bill. I say to the Prime Minister that I do not think he will deny the power is there. He may say he does not wish to exercise it. He may say that I am seeking to alarm others as to what may take place. I say that following his public utterances—and not only his public utterances but his actions in this parliament —it is fair to say there is every reason not merely to believe but to feel perfectly certain that this section of the bill is going to be used for the purposes I have indicated.

For the moment I shall not speak further on the policy of economic nationalism, but shall say a word or two with respect to the policy of economic imperialism. Here may I say to the Prime Minister and to those hon. members who think as he thinks in these matters—or as I believe he thinks—that I believe a policy of economic imperialism from certain points of view is capable of being defended. I do not see why he should not come out in the open and avow that such is his policy, and that he, along with certain other public men in different parts of the empire, is doing what he can, in his own way, and in his sphere of action, to further imperial policies all along the line. He made his appeal to the people on a Canada-first policy, and there was a great deal of talk about a national policy. I felt at the time, I believe I so stated, and subsequent events have proved it to be true, that this talk about economic nationalism was simply a first step into the wider field of economic imperialism. I said that it was merely an effort to get the public mind accustomed to regulating trade by tariffs, and to power being given to regulate trade and make tariffs by order of the governor in council, so that this wider scheme of economic imperialism might be developed.

There is nothing new in the scheme of economic imperialism. I have here in my hand a volume entitled, "The Empire In The New Era" by the Right Hon. L. S. Amery. This book contains a series of addresses that the Right Hon. Mr. Amery made in different parts of the empire as he went around the world delivering addresses on imperial policies, among the number an address which he delivered in these parliament buildings while a guest of the Canadian Branch of the Empire Parliamentary Association. Mr. Amery has never concealed the fact that he believes in a policy of economic imperialism. He says that it is the policy which should be adopted for the British empire, and as an Englishman and a great public man at the heart of empire he feels that such a policy is the one which would be most congenial to Englishmen, and the one which from their point of view would best serve the interests of the empire.

Recently we were honoured by a visit from another great public man of the British Empire, the Right Hon. Stanley Bruce who, for some time, was Prime Minister of Australia and is now High Commissioner for Australia in Great Britain. Mr. Bruce does not seek to conceal the fact that he believes in economic imperialism as a right policy for the British Empire. Coming from Australia, and speaking assumedly as an Australian he believes that a policy of economic imperialism is the one which to his mind would best serve the interests of Australia on the one hand and those of Great Britain on the other. He believes it will best serve the interests of the empire as a whole. He frankly makes his statement as to what should be done with a view to giving effect to these policies. When Mr. Bruce was here recently, he gave two addresses, one at the Canadian Club, and one as the guest of the Prime Minister in these houses of parliament. I had the pleasure of listening to both addresses which I thought were admirable. I found nothing to take exception to in what Mr. Bruce said. In his survey of world conditions, he led up to, but he very carefully avoided going beyond the point where controversy begins. He brought to the attention of his hearers certain facts as he sees them in the world to-day, and if he had been speaking his own mind and been free to do so with respect to how that situation might best be met, as an imperialist of the latter day school of Joseph Chamberlain imperialists, he would have gone on to say, not here but elsewhere where it would have been quite proper for him to do so, that he believed the logical way to work out a solution of the situation was by a system of imperial tariffs, by an imperial tariff policy or imperial trade policy, with licences, greater trade restrictions, prohibitions, and all the rest of it. He would have said further, as he has said elsewhere, that to work out that imperial trade policy he believed it necessary to have a plan which would ensure that trade and production were made complementary in different parts of the empire, that the trade of the empire and the production of the empire should be so arranged that one part of the empire would devote its time to certain classes of produc-

tion and trade, and other parts to other classes of production and trade. In other words the whole idea being to arrange for complementary production and trade. That is a reasonable position for anyone to take. It is, however, a debatable position. It is the position, I believe, which the Prime Minister of this country holds to-day. I will say this for the Prime Minister. While he has never come out openly and said that he himself is an advocate of a policy of economic imperialism he has never denied the fact, and he will not deny it now. I say if you study the acts of some of the other self-governing parts of the British Empire and some of the recent measures that have been introduced in Great Britain, you will find sections of enactments very similar to the one we are discussing have been placed there in the last few years, and placed there as a part of this very imperial trade policy.

May I say that after Mr. Bruce had been in Australia he visited New Zealand and spoke there. While in Australia he spoke quite frankly and openly. He was a former Prime Minister going back to confer with the Prime Minister of the day, and he had a conference with the Prime Minister of the day and with the premiers of the different provinces of Australia in which he suggested if correctly reported that it might be desirable for Australia to limit production in certain directions with a view to raising the prices of these commodities in order that Britain might be placed in a more favourable relationship to Australia as a consequence of the changed price level in Australia, and that if this were done, then a year or two hence probably Australia would gain by some further concession on Britain's part.

That was the point of view which was put forward by Mr. Bruce in Australia. But did that point of view appeal even to the Australians? I will give the words of another which set out Mr. Bruce's point of view in order that it may not be said I was putting my own construction upon what he said:

> He was a propagandist for certain views of his own which are also the views of a group in Great Britain which can best be identified by associating it with the name of its leading member, Mr. Amery. These views favour the consolidation of the commonwealth into some kind of a closed economic unit, trade between the various nations being forced into inter-imperial channels with a progressive insulation of the British countries from the outside world.

That is the imperial trade policy in a nutshell—economic imperialism.

Mr. BENNETT: Whose statement was that, might I inquire?

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: I am reading this from the Winnipeg Free Press of May 31, 1934.

Mr. BENNETT: But whose statement is it?

Mr. MACKENZIE KING: It is a statement I presume of the paper itself.

Mr. BENNETT: By the editor?

Mr. MACKENZIE KING: Yes. I do not think the Prime Minister will say that the statement is not accurate. I ask him if he thinks it is an inaccurate statement.

Mr. BENNETT: I was trying to make it clear that it was not Mr. Bruce's statement. That is all.

Mr. MACKENZIE KING: I was trying to make it perfectly clear that I was not putting my own interpretation on Mr. Bruce's words but was taking the interpretation of a leading journal the authenticity of whose views has not been denied in any way. I say I believe that it accurately expresses Mr. Bruce's views, and I believe our Prime Minister thinks it correctly expresses Mr. Bruce's views. But so far as Australia is concerned the present Prime Minister of Australia, Mr. Lyons, in an address delivered at Adelaide on May 8 took occasion to say that Australia would not take the initiative in restricting and controlling exports as Mr. Bruce had recommended. Australia must now, he said, aim at expansion of foreign trade, and the state premiers took exactly the same stand. Australians now realize that they must seek foreign markets for the increased production which is still in sight. And that I say should be the attitude also of Canadians. World markets, including British markets, and with a British preference, should be our objective; not British markets at the expense of world markets.

But may I come a step nearer home and refer to my right hon. friend opposite? I would ask hon. members to consider for a moment the course of his legislation since he took office. He came into office ostensibly on the assurance that he was going to end unemployment, and he called a special session of parliament for that purpose. But that special session of parliament was devoted not to finding ways and means of solving the unemployment problem beyond getting an appropriation from parliament of $20,000,000. The session was taken up with increasing tariffs against other countries, including tariffs against Great Britain.

What was the next step? In the fall of 1930, the Prime Minister went to Great

Britain and at the imperial economic conference, when there was a chance for Canada to have secured that market for our wheat and possibly other products to a very considerable extent if he had gone the right way about it, he told the British government that if they wanted to get preferences, so far as Canada was concerned, they would have to change their fiscal policy and cease to be a free trade country and become a protectionist country. That was another step in this policy of economic imperialism, asking that the home government should also become protectionist because our Prime Minister took the view, and it was the view some others have taken in the past, that hereafter if preferences were to be given in the empire they would not be given by means of reducing tariffs within the empire but rather by raising tariffs against other countries. I need not go into what was said at that time because it is all on record and is well known.

What took place after that? At the next session of parliament we had the Prime Minister again raising the tariffs of this country very considerably, always getting Canada into the position where, so far as the outside world was concerned, it was more and more being cut off from Canada in the matter of trade, and so arranging matters that by a reduction of the tariff, if he wished to make any, it would be a reduction largely within the British Empire itself but not to a point that would very materially affect the privileged position of any industry that the government might wish to see was adequately protected so far as this country was concerned.

Let me go a step further. What took place at the imperial conference which met in Ottawa 1932? The former Prime Minister of Great Britain, Mr. Stanley Baldwin, and others who were with him, speaking in this very chamber, said that they hoped that those who were gathered together would see their way clear to the lowering of tariffs and of making trade within the empire a greater certainty by that method rather than that of raising tariffs still higher against foreign countries. The head of the British delegation sought to cement the bonds of empire in a way which was initiated by the Right Hon. Sir Wilfrid Laurier when he was Prime Minister of this country, and which up to 1930 had been followed by all his successors. That was the position the British ministers took, but what was the position at the end of the conference? At the end of the conference tariffs were higher than ever against foreign countries and there had been very little in the way of increased preference within the empire itself. The Prime Minister (Mr. Bennett) was very insistent upon one thing at that conference, although he did not get his way to the extent he desired. He was very insistent that any agreements arrived at should be for a term of years. He wanted ten years.

Mr. BENNETT: No.

Mr. MACKENZIE KING: I think so.

Mr. BENNETT: Just look at the record and see.

Mr. MACKENZIE KING: I know the Prime Minister spoke of a ten year period.

Mr. BENNETT: What I said was a five or ten year period.

Mr. MACKENZIE KING: Five or ten year period. In his own heart the Prime Minister wished to get a ten year period, but he did not get it.

Mr. BENNETT: I am sorry, that is not right.

Mr. MACKENZIE KING: I remember this —I think the Prime Minister will say I am right—that he said he believed a longer term agreement would be more likely to serve the end he had in view. I think he has made it perfectly clear that he is in favour of these rigid agreements which will run for a series of years. In addition, the agreements which were made at the imperial economic conference of 1932 were so drafted as to make more difficult than ever, if not altogether impossible, the negotiation of agreements with other countries.

An hon. MEMBER: Oh, no.

Mr. MACKENZIE KING: Oh, yes. Look at the terms of the agreements and you will see that they have removed the opportunity for bargaining formerly afforded by the difference between the general and the intermediate tariffs. The best answer to my hon. friends opposite and their government is the fact that they have not been able to make any agreements worthy of the name with any country since they have been in office.

An hon. MEMBER: How about France and Germany?

Mr. MACKENZIE KING: Those are all evidences,—and I have not referred to the embargo on Russian goods and other enactments—of the efforts being made under one guise or another to gain for the governor in council the power to restrict importations into this country, if he so desires. All that was

done with respect to placing an embargo on Russian commodities and goods could be done with respect to the goods of any other country in the world under this clause which this parliament is being asked to enact at the present time and much more, through the power to restrict exports and, therefore, production as well. Are we going to turn over to this administration that power in the interests of the producers of this country in whose name this legislation is ostensibly being brought forward?

This brings me back to what I have said as to the possibility of evil, and the possibilities of harm and injury, which may occur because of the provisions of this measure. The powers given to the governor in council under this section are so comprehensive that I for one, unless the government can see its way clear to amend this legislation in the particulars suggested, will feel obliged to vote against the bill itself.

As I have said, these are all indications of the Prime Minister's desire to further imperial trade policies. I do not think that he will deny that such is the view he holds. Why then does the ministry not come out frankly and openly say that such is their policy? Why do they not debate its merits on the floor of this house, or let the country pronounce upon it? They should not try to put in force a policy of economic imperialism under the guise of a marketing bill. They should not tell the farmers of this country that they are going to help them to market their products when what in reality they are seeking to do is to get the power to restrict trade and limit production, both as regards imports and exports in furtherance of a policy of economic imperialism. At the very time this legislation was being discussed in committee in this house, the right hon. the Prime Minister delivered an address in Montreal. This address was delivered upon an interesting occasion, the annual banquet of the Royal Empire Society. I quote from a Canadian Press dispatch, dated Montreal, May 23, which appeared in all the papers, as follows:

> Speaking of the loyalty of empire peoples to the crown and the ties that bind the family of nations within the commonwealth, Mr. Bennett urged the necessity of evolving a common foreign trade policy which would seal and perpetuate the unity.

There is a straight declaration of imperial policy in the matter of trade. If that is the government's policy, let them come out and say so, but do not let us settle it under the heading of a marketing bill. Let us discuss it under the broad question of the rights of this parliament, not the governor in council, to control all matters of trade, and what the policies of this country are to be with respect to trade. The question of empire trade policy is debatable. Whether you can further the unity of the empire by any such means as tariff measures framed and enacted as ours have been in the last four years, and by powers given to the governor in council to license producers and to license the export and import trade of this country is questionable indeed. I am perfectly sure that if this country realized that this was the real issue we were discussing here, and was given a chance to pronounce upon it, the government would wish they had never so much as suggested anything of the kind.

This is not a new question. It dates from the days of the Right Hon. Joseph Chamberlain, over thirty years ago. In one way or another the tariff reformers of Great Britain and other parts of the empire have been seeking ever since to bring about this very thing. I will give the Prime Minister credit for one thing, he has gone, I believe, in the last four years, further than anyone else in any part of the empire towards so shaping matters as to please the hearts of those who believe that the empire can be held together by tariff bonds and trade restrictions. But I will say to him that I believe that when you try to unite the empire by an imperial trade policy, an imperial fiscal policy, by an imperial finance policy, by an imperial shipping policy, an imperial defence policy, and other classes of imperial policies, you are only helping to create conditions which will inevitably disunite and disrupt the empire. You are taking the very steps which will destroy the whole unity of the British Empire.

As I see it, the difference between those who hold to the view which I do and those who hold an opposite view might well be made the subject of debate as to the most effective means of furthering economic co-operation within the empire; economic co-operation secured through imperial policies, or through autonomous fiscal policies of the several parts of the empire. Mention was made the other day of the empire marketing board, that board was regarded as a possible means of economic planning which would give expression to imperial trade policies. At the last conference, however, the empire marketing board did not receive the reception which many hoped it would. There remains the Imperial Economic Committee. Possibly it is a very good thing, and possibly it is not. Much will depend upon what it attempts and how it goes about it. The present chair-

man of the Imperial Economic Committee is Canada's High Commissioner in London, a gentleman who is of the same mind as the Prime Minister with regard to imperial trade policy. I could go on and mention other ways in which this idea of furthering imperial trade policies is being worked out. They are mostly only too obvious. What I want at the moment to make clear is the difference of method in effecting economic cooperation under the opposing policies within the British Empire. Economic cooperation to the mind of the tory imperialist is best effected by imperial policies in trade and finance, the one policy for the empire as a whole; the imperial policy advocates hope to work out their policies through control exercised by the executives as contrasted with the parliaments of the empire, except in so far as delegated powers give to governors in council, to restrict trade and regulate tariffs may be said to be at the instance of parliament.

Speaking for the Liberal party, as being opposed to that method, I wish to say that while we believe in economic cooperation within the empire, we believe in that cooperation being based on autonomous fiscal policies, national policies for each self governing part of the empire which will leave all free to deal with their own tariffs and make their own fiscal policies in their own way, and in the making of such arrangements as in the opinion of their respective parliaments will best serve for each to advance the trade and commerce of the country. It is cooperation brought about, not at the instance of governors in council who have been given power to legislate behind the doors and beyond the walls of parliament; it is cooperation effected by the parliament of Canada and other parliaments of the empire legislating in the open with regard to what so far as their respective countries are concerned in the case of each is regarded as most in the interests of the people. Whatever best serves to build up the respective parts of the empire, we believe, will make for the greater strength and unit of the whole.

I will now submit the amendment and ask for it the careful consideration of the house. It is moved by Mr. Mackenzie King and seconded by Mr. Casgrain:

That the bill be not now read a third time, but that it be referred back to the committee of the whole with instructions that they have power to amend it by

1. Adding to it provisions which will ensure consideration of the interests of consumers;

2. Eliminating from it such provisions as give to any board or to the governor in council arbitrary power to provide for the registering or licensing of persons engaged in the producing or marketing of natural products; and

3. Eliminating from it such provisions as give to the governor in council arbitrary power to prohibit or restrict trade as regards both imports and exports, save in so far as parliament may have made express provision, for the circumstances and conditions under which, and the limits within which any such power may be exercised.

I hope that hon. members will consider this amendment very carefully. If it is carried and the bill is recommitted, and if the government is prepared to make such changes as will insure the sovereignty of parliament in the matters to which I have referred, then I think we can all agree on the bill. But if the government refuses to accept the amendment and to recommit the bill, then I submit that the reasons I have given to this house as to why the measure should not be permitted to pass in its present form are all-sufficient, and should cause those who have at heart the true interests of Canada's production and trade to oppose the third reading.

Where will the producers of this country be if, after this measure in its present form goes through, they find that every one of them is thereafter subject to registration in the carrying on of his production; that everyone may be subject to licensing in order to be permitted to carry on trade; that their production as a consequence may be limited by law that not one will have appeal in any direction against what he may believe to be an injustice with respect to the granting or the withholding of a licence; that there is to be no compensation for those denied a licence or for those whose production is curtailed? There are possibilities of all these under the provisions of this measure, and I say that without many safeguards, such provision should not be enacted by this parliament.

In conclusion, may I refer to one matter that from time to time has been touched upon by hon. gentlemen opposite and to some extent by hon. members in the far corner. Throughout the discussion of this measure, hon. members on the other side have said that some of us on this side, and more particularly myself, did not seem to realize that conditions to-day are different from those that have existed at any time in the past, that we are not prepared to recognize the changed world in which we live—that we are not prepared to recognize that conditions being very different, different classes of remedies are needed at the present time from anything that may have been applicable in the past. Yesterday the house was told by the hon. member for Bow River (Mr. Garland) that my colleague the ex-Minister of Justice (Mr.

Lapointe) and I myself belonged to the school of mid-Victorian constitutionalists; and that was held out as a reproach. To those who so assert, may I say that I for one am very proud of being classed of the school of mid-Victorian constitutionalists. To those who throw taunts, I would say that it was the school of mid-Victorian constitutionalists who, standing by the rights of parliament and the powers of parliament, adopted the policies with respect to trade and interimperial and foreign relations that brought Britain to the position of greatness and supremacy which she attained by and after the middle of the last century.

When hon. gentlemen opposite talk about our not understanding conditions as they exist to-day, I venture to say to them that they are the ones who do not appreciate conditions, who fail to see conditions in their true perspective. What they do not understand, when they talk to us about new conditions, is that, metaphorically speaking, there is nothing new under the sun. If their knowledge of history were a little wider than it is, they would find that there is not a single aspect of the world situation to-day which has not had its parallel time and again in the history of the world. There is nothing new under the sun in that sense. With regard to the very policies which the government is introducing, may I point out that there is nothing essentially new in what they propose. Talk about the mid-Victorian attitude! Why, this whole business of the restriction of trade is only the old mercantilist theory and the policies based upon it. It is the policy not of the mid-Victorian era but of the middle ages, the policy that was put into force as Europe was emerging from that dark period of its history. The old idea was that trade must be restricted; that if any one country prospered some other country must suffer; that there must always be a favourable balance of trade; that gold was the source of all wealth. What was Adam Smith seeking to do when he wrote the Wealth of Nations? To those who were thinking precisely in the way that hon. gentlemen think now, he said that the wealth of a nation did not consist in the quantity of gold it had stored up, but that it lay in what Providence had given man in a country's resources and in the labour that might be applied thereto, in the production and trade that might result therefrom. He preached the doctrine of greater freedom in the matter of trade, not the restriction of trade. His whole idea was to get away from the business of restriction, the principle which this government seeks to impose in this measure. Hon. members know quite well that it was not until the medieval restrictions, in their innumerable forms, were broken down that Britain began to secure that prosperity which she subsequently enjoyed.

Let me come more closely to the parallel. I venture to say that if hon. members will turn to the period which began with the accession of George IV to the throne of England and compare that period, a hundred years ago, with the present day they will find, in every essential feature, a parallel with present conditions. I have not time to run over the various points of comparison, but I wish to touch upon the important aspects.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: What is my hon. friend interrupting me for?

Mr. MYERS: The farmers of Canada are more interested in finding markets for their products than in listening to the right hon. gentleman talking about George IV.

Mr. MACKENZIE KING: I am trying to point out that the farmers of Canada will obtain markets and the country an opportunity to prosper when they get an opportunity to trade, but they will get no markets under a policy of high tariffs, and by restricting imports and exports by order of the governor in council. Now, if my hon. friend will be good enough to listen to me for a moment I will show him that what I am saying has an important direct bearing on the position of the farmers to-day.

Speaking broadly and generally, what was the position of Britain a century ago? The difference I see, as compared with the present time, is this. The situation that exists to-day exists on a world scale; the situation as it existed a century ago was on a continental scale, though it had its world aspects as well. England had been involved in a great war with France and with America, a war that extended over a number of years, and after the war exactly the same phenomena developed as we find in different parts of the world to-day, and particularly within the British Empire. While the war was in progress, production was speeded up very greatly, there was stimulation of industry for the time being, there was a great increase in production, prices rose to phenomenal heights, a false prosperity prevailed generally with inflation of prices of farm products: et cetera, et cetera. When the war was over there was a vast increase of public debt, followed soon thereafter by a period of depression, increased

taxation, and soon also stagnation of trade, exactly as we have had it at the present time. What also occurred? You had at that same period just what you have happening at this moment, a series of new inventions greatly increasing production. The industrial revolution in England was then well under way. Industrial innovation began on a large scale, due to the application of power to industry. Everywhere new inventions were being applied to industry, harnessing the forces of nature to take the place of the limited energy of the human frame in the production of goods. With what result? Overproduction. There came soon to be a surplus, a glut of manufactured and other goods in the factories throughout Great Britain. The development of industry ran ahead of the world's demands. Men in large numbers were then thrown out of employment. There was exactly what you have to-day, privation and starvation in the midst of plenty. An era of scarcity and poverty, side by side with more possibilities for the increase of wealth. The masses of the people were starving although the factories and warehouses were filled as they never had been before. In addition you had the specially favoured classes, the land-owning classes who had profited so much by the war, doing what they could, by means of legislation, to retain their special privileges, exactly as is being done at the present time; the situation being different only in this respect that where in Britain one hundred years ago it was the British agriculturists, to-day in Canada it is the specially favoured manufacturing interests and others who are seeking to preserve monopolies. You had your agriculturists controlling parliament in large part and seeing to it that duties were imposed to prevent the importation of corn and grain into Great Britain. You had the adoption of the corn laws, corresponding to our high tariffs in other directions, with consequent agitation a little later against this imposition of high tariffs for the protection of special interests and also against the introduction of these new inventions. Reading the history of that period what do we find as far as the industrial classes are concerned? The Luddite riots were essentially an exemplification of hatred of the machine, which was looked upon as the enemy of man instead of his friend. All over England an effort was made to destroy these new inventions which at the moment appeared to be taking away the livelihood of hundreds of thousands of men and women, but which when subjected to proper control and regulation helped to bring about an increase of production which has made possible the diminution of the hours of labour and increase in wages, and improved conditions and indeed should lead to further diminution of the hours of labour and increase of comfort, not for the few only but for the whole mass of the people.

Then what was the nature of the agitation to which these changed conditions gave rise? You find that at that very period, one hundred years ago, you had exactly what we have been having in this parliament this session, a demand for the regulation of industry, and a controversy over the merits of laissez faire and the merits of state control, and attempts to raise prices by prohibitions of imports. There were those who maintained that the laissez faire attitude should perhaps be still further maintained in the interest of production. There were those who took the view—and they were the Liberals of the day—that regulation of industries was what was needed; and you find as a consequence the factory acts and laws introduced in the form of regulation by Ashley and Huskisson and others whose names are familiar. With more in the way of regulation in industry, and of the abolition of restrictions in trade, conditions soon began to improve and an era of prosperity followed an era of depression. It will be the same here, when to similar ends like means are applied.

There were radical movements too, but the reformers and radicals of that day did not find it necessary to create soviets, they did not find it necessary to adopt the Fascist method of dealing with the problems of the day. They looked to more adequate representation in parliament to improve conditions, and to parliament itself to meet their demands. What was the Chartist movement other than a demand for more in the way of opportunity to be given to the working classes to enjoy all the power and authority which they believed parliament could give them? Were they right, or were they wrong, in that attitude of looking to, not away from parliament? Take the charter and look at its various provisions. What did its promoters ask for? They asked for the secret ballot. What for? As protection to labour and the common people in the matter of securing their rights and proper representation in parliament. Was that a good or a bad thing? If it was good, why should we throw away that particular method in securing freedom and rights when we come to deal with legislation? In this marketing bill there is no secret ballot provided for in the choice of those who are to have the making of the regulations and the laws. That power is to be given to special groups I might

run on down the list and refer to the other clauses of the charter, every one of which illustrates how the working men of that day looked to constitutional methods of procedure to get the redress which they needed.

Now may I say that I welcome, with all my heart, this unrest of the present time, which I believe is bred of a well-founded sense of injustice and wrong. But I believe that the place to seek redress is in this parliament, in accordance with constitutional principles of British parliamentary practice and procedure. I do not think it is to be found in following the methods that have been adopted either in Russia, or in Italy, Germany or Austria at the present time. These countries have never known what freedom is in the true sense of the word. We have gone a long way to enlarge our liberties and secure greater freedom. Let us hold what in those particulars we have. Do not let us be quick to part with these great securities to life and property, but let us use them in a way which will help to bring to a larger number of mankind that "greatest good for the greatest number" which was the aim of political action as defined by Bentham and which also was a part of the intellectual outcome of discussion, and the foremost movement in politics, in the period of unrest one hundred years ago.

Mr. JEAN-FRANCOIS POULIOT (Témiscouata): On the second reading of this bill on May 1, at page 2704 of Hansard I put on record some figures from the annual reports of the Department of National Revenue for the years from 1930 to 1933 inclusive. They show beyond any doubt, first that in 1933 the total external trade of Canada was about one-third of what it was in 1930; second, that in 1933 our imports were $841,889,838 less than in 1930, and our exports $664,216,273 less than in 1930; third, that in 1933 our trade with the United States was one-quarter and with Germany, Japan and Italy one-third of what it was in 1930, and with France $4,000,000 less, with Belgium $7,000,000 less, with China $9,000,000 less; and with the Argentine our trade was less than one-seventh of what it was in 1930; fourth, that in the year ended March 31, 1934, for each month there has been a terrific and formidable decrease in exports and imports as well, as compared with the same months in the fiscal year 1929-30. From August 31, 1930, to April 30, 1934, the decrease in Canadian exports is as follows: In the first year, from August 31, 1930, to March 31, 1931, thanks to the repeal of the Dunning budget, the abolition of the tariff board, the special session high tariff and the fiasco of the first London conference, there was a decrease in exports of $189,000,000. In the second year, from April 1, 1931, to March 31, 1932, thanks to the 1931 session with its new, inconsiderate and uncalled for increase in the tariff, there was a decrease of $412,373,365. In the third year, from April 1, 1932, to March 31, 1933, thanks to the fiasco of the Ottawa agreements, there was another decrease of $514,917,712. In the fourth year, from April 1, 1933, to April 30, 1934, thanks to the fiasco of the London world conference, there was another export decrease of $481,804,363. The total decrease in exports from August 31, 1930, to April 30, 1934, was $1,598,095,440.

It has been said that last April was better with regard to imports and exports. I should like to give the exports and imports for the month of April for the last four years:

	Imports	Exports
1930..	$71,401,839	$50,744,159
1931..	51,189,376	33,935,075
1932..	29,794,296	26,975,756
1933..	20,457,294	20,011,652
1934..	34,814,998	31,581,881

I should like to compare these months with April of 1930, and I make that comparison because during the last campaign the leader of the Conservative party said that things were bad in this country because of the bad management of the business of the country by the King government. That must be a good comparison, therefore, to see if matters have improved since this government took office. In April of 1931, as compared with April of 1930, our exports were $16,809,064 less. In April of 1932 as compared with April of 1930, they were $23,768,383 less. In April of 1933 as compared with April of 1930, they were $30,732,487 less, and in April of 1934, the good month, as compared with April of 1930 they were $19,162,258 less. So there has been a loss in exports during April, from 1931 to 1934, of $90,472,192. I must express my thanks to the hon. member for Last Mountain (Mr. Butcher) who has supplied me with complete copies of the trade summaries of the Department of National Revenue since August, 1930.

Now I should like to say a word about the Ottawa agreements, which we heard so much about during the debate on the address and during the whole session. It has been said that the Ottawa agreements have been a great boon to Canada. In 1933, the year following the Ottawa agreements, Canada's exports to the United Kingdom were nearly

$98,000,000 less and to the British empire $158,000,000 less than in 1930. The figures are as follows:

	Decrease
United Kingdom	$ 97,965,127
Australia	9,015,770
New Zealand	15,576,607
South Africa	6,913,338
Irish Free State	463,174
Rhodesia	1,297,820
British India	6,699,641
Newfoundland	6,798,689
Other British countries	13,896,218
	$158,617,384

This is the wonderful result accomplished by the Ottawa agreements, which have been praised so much during this session. Those figures appear in Hansard for May 1, 1934, at page 2702. During the campaign in South Oxford the London Advertiser said the Ottawa agreements were the issues in that by-election. The Liberal candidate in that riding won the election on those issues by the greatest majority ever given any candidate in that constituency. What is the use of the Ottawa agreements if our trade with Great Britain has decreased by $98,000,000 and our trade with the whole British empire by $158,000,000? It is absurd to say that the agreements are worth anything, and the reason they are still mentioned is the fiasco of the world conference in London last year. While we were discussing this bill the Minister of Agriculture (Mr. Weir) said, in reply to some questions I put to him:

> I am sure every hon. member realizes that the Prime Minister has too much work to do to be concerned about such matters as that.

That was not an answer; that was an explanation as to why I did not receive an answer. Those words appear in Hansard for May 21, 1934, at page 3271. Now I should like to put on Hansard the exports of twelve farm products in 1933, as compared with 1930:

	Decrease
Dressed beef	$ 672,534
Concentrated milk	851,039
Cheese	5,130,401
Potatoes	5,504,758
Peas	3,819
Wheat	63,373,340
Wheat flour	18,523,737
	$94,259,628

There was a slight increase on the other five items in 1933 as compared with 1930, as follows:

	Increase
Apples	$2,050,494
Honey	111,363
Eggs	352,507
Oats	635,552
Barley	225,488
	$3,375,404

So we had a decrease of $94,259,628 and an increase of $3,375,404, or a total net decrease of $90,884,224. These figures appear in Hansard for May 8, 1934, at page 2892.

Now let us come to our internal trade, and see the effect on that trade of the formidable decrease in external trade. Let us see first the decrease in home consumption of the same twelve farm products. The quantities can be found in Hansard for March 26 of this year, at pages 1811 and 1812; the values appear in Hansard for May 8, 1934, at page 2889. That was the day on which I put three questions to the Minister of Agriculture. The twelve farm products which are mentioned are apples, honey, eggs, dressed beef, concentrated milk, cheese, potatoes, peas, oats, barley, wheat and wheat flour. The figured value of the decrease in home consumption in 1933 as compared with 1930 is to be found at page 2889 of Hansard and is as follows:

Apples	$ 3,920,186
Honey	858,212
Eggs	12,409,136
Dressed beef	13,978,438
Concentrated milk	5,731,923
Cheese	1,243,959
Potatoes	1,290,893
Peas	817,837
Oats	2,058,211
Barley	10,699,963
Wheat	24,760,730
Wheat flour	8,428,110
	$86,197,598

After I had quoted those figures I put the following three questions to the Minister of Agriculture: First, can we still say that we have our local market so far as those commodities are concerned in view of the enormous decrease in their consumption? Secondly, for what reason was there such a decrease, in one year, 1932-33, and third, what is the proper remedy to be applied to such a situation? Those questions were put first at page 2889 of Hansard. Then on the same day the Minister of Agriculture answered me in the following words:

> Mr. Weir (Melfort): My understanding was that with these statistics on record in Hansard an answer would be submitted to the hon. member for Témiscouata.
>
> Mr. Pouliot: I thank you.

Then, the same question was put on May 9, the following day, and I received no answer. It was put a third time on May 16, upon which occasion the minister answered as follows:

> Mr. Weir (Melfort): The officials of the department have been working since May 8 to gather the information requested by the hon. member for Témiscouata. I have inquired as to the matter on a number of occasions, the

last time this morning, but the work is not yet completed. We hope to have the information in the very near future. There has been a very great deal of work in this connection.

Mr. Pouliot: Would the minister be kind enough to tell me if it will be completed before the bill is reported by the committee?

Mr. Weir (Melfort): I believe it will be completed this week.

On May 17 the same question was put a fourth time, and the minister's answer appears at page 3121 of Hansard:

Mr. Weir (Melfort): I regret that the information asked for has not yet been completed. I am sure the hon. member will realize when the answer is brought down that there was perhaps more work entailed in getting the information than he had in mind when he asked for it, but I hope it will be in shape to be brought down at the beginning of next week, if not to-morrow.

Mr. Pouliot: I thank the hon. gentleman, and if I can be of any assistance to the officers of his department in cooperating with them I shall be very glad to do so.

That was on May 17, and to-day is June 6. Then, the point arises again for the fifth time on May 18, and at page 3174 of Hansard we find the following:

Mr. Weir (Melfort): Although a great deal of this is out of order, I assure the hon. gentleman that there has been no intentional delay. Every effort has been made to prepare for him the most accurate statement possible. I have thought it would be ready for to-day, but as soon as it is it will be submitted at once.

Mr. Pouliot: I thank the hon. gentleman and take his word for that.

I said in plain English that I took his word for it; yet it is now June 6, and I have received nothing. Is it because as the Minister of Agriculture said—

I am sure every hon. member realizes that the Prime Minister has too much work to do to be concerned about such matters as that.

The farmers are losing $86,197,598 on account of the decrease in the home consumption of the twelve primary products I have named. But the Prime Minister does not pay any attention to that, according to the Minister of Agriculture who is at the right hand of the Prime Minister. I was not discouraged, and on May 21, I asked the minister for an answer. His answer is reported at page 3271 of Hansard as follows:

I am sure, if he appreciates the amount of work entailed by the questions he has put on Hansard and also the work the staff has to do apart from that, he will believe we have made every effort to bring down this information. By the middle of last week I thought we should have had it by last Friday but there were still some points it was difficult to clear up.

[Mr. Pouliot.]

Our whole desire has been to submit to him the best statement in answer to the questions he has put. So far as withholding the information until this bill is passed, is concerned, the information has, so far as I can see, no bearing on the bill because this legislation has to deal with the regulation of marketing. It is not necessary for me to refer to his suggestion, which I think was almost entirely out of order, that the Prime Minister had suggested we should withhold the information from him.

And then the minister said, as I have already indicated:

I am sure every hon. member realizes that the Prime Minister has too much work to do to be concerned about such matters as that.

On May 28, a few days later, the answer of the minister is reported at page 3433 as follows:

I regret that this report is not yet completed.

I asked seven times for that report. What was the answer made by the minister? It was:

I am sure every hon. member realizes that the Prime Minister has too much work to do to be concerned about such matters as that.

The farmers are losing over $86,000,000 on account of the fact that there has been a terrific decrease in the home consumption of farm products. I quoted the questions and answers to an English and French speaking audience in Russell county in the province of Ontario, and I said to those good farmers, "Either the minister is telling the truth, or he is not. If he is telling the truth and if he is not paying any attention to the loss suffered by farmers in that connection it is—"

Mr. WEIR (Melfort): The hon. member is giving the wrong interpretation. What I said was that the Prime Minister had too much work to do to check up the submitting of these answers or reports. Every effort has been made to get the information. As a matter of fact, I thought it had been sent forward. It is out of order in this discussion, but I want to clear the hon. member's mind in that one connection, namely that my reference to the Prime Minister was that he was too busy to prepare answers to questions like that.

Mr. POULIOT: What is he busy about? He is busy checking the typewritten copy of speeches made by Jean-François Pouliot. He is busy converting Trebisch Lincoln, a Hungarian Jew who has been banned from England. He could spend a whole afternoon with him. He has time enough to waste his

time with him. He has time enough to waste his time looking at the typewritten copy of Hansard showing the speeches of a back bencher, but he has not time enough to see to it that the figures asked for by members of this house which indicate the great misery suffered by the farmers of this country are given out.

I am not discussing what the minister says, or the interpretation he places upon the words appearing in Hansard. But to the farmers in Russell county, in the good old province of Ontario, I said, "The minister is either right or wrong. If he is telling the truth he must force the Prime Minister to resign and if he is not telling the truth the Prime Minister must force him to resign at once." That is what I said.

Let us now continue with our discussion of internal trade. We have heard a great deal about price spreads and the profits made by the middleman. What about it? What about the price spreads between the years 1933 and 1930? During the election campaign of 1930 the cry of the Conservative party throughout the country was that things were bad, that the farmers were not prosperous and that they were suffering. Let us draw a comparison between the bad year of 1930 and those good years which have followed since this government came into power. What has been the price spread between the value of the following farm products in 1932-33 as compared with 1930? We have heard ministers from the province of Quebec and others saying that the government were working under a handicap, that all the pacts had been cancelled when the former government was in power. Therefore trade must have improved since we have had a change of government in this country. Let us see what has happened.

At page 2888 of Hansard of this year the total production of several commodities is given by years, and that total production should be multiplied by the price prevailing that year in order to find the actual price spread between 1933 and 1930. According to that, I find that the loss to the farmer in the sale of pork meats in 1932-33 was $68,030,000.

We heard during the last campaign that butter was to be changed into gold. We heard that everywhere. We were told that the price of butter was to be raised to fifty and sixty and seventy cents a pound, but actually what has been the loss to the farmer on butter during 1932-33 as compared with 1930? That loss has been $30,200,000. In the following commodities the loss to the farmer in 1932-33 as compared with 1930 has been as follows:

Apples	$ 5,081,210
Honey	548,000
Eggs	59,720,000
Beef	71,461,400
Concentrated milk	6,695,700
Cheese	6,549,950
Potatoes	10,493,200
Peas	1,253,000
Oats	64,764,625
Barley	17,125,000

What was the loss in wheat? I hope hon. gentlemen will listen to this. The loss to the farmer in the sale of his wheat during 1932-33 as compared with 1930 was $70,880,000, and on wheat flour there was a loss of $27,797,140. The total loss on those fourteen items I have just given was $440,599,225, and the decrease in exports amounted to $90,884,278, or a total loss to the farmer in these few primary products of $531,483,503.

I am sure every hon. member realizes that the Prime Minister has too much work to do to be concerned about such matters as that. It is surprising, and again it is not. It is so hot, although I must admit that the temperature in the house is rather cool just now, just as cool as my speech.

But that is not all. The yearly decrease in the value of primary products sold in 1932 as compared with 1930 was as follows:

Yearly Decrease in Value of Primary Products
(1932 compared with 1930)

Products of the land:	
(14 farm products)	$ 440,599,225
Products of the forest:	
(Unmanufactured wood, pulp and paper)*	290,694,000
Products of the mines:	
(Minerals, mineral products and chemicals)*	584,795,205
Products of the sea:	
(Fish products)*	21,847,107
	$1,337,935,537

* Hansard, February 13 and 15, 1934, pp. 560 and 634.
* Hansard, March 5, 1934, p. 1186.
* Hansard, March 13, 1934, p. 1431.

That shows a total loss in the value of the production of these primary products of the farm, of the forests, of the mines and of the sea, in the year 1932 as compared with 1930, of $1,337,935,537. I am sure every hon. member realizes that the Prime Minister has too much work to do to be concerned about such matters as that.

As the hon. Minister of Agriculture (Mr. Weir) has not thought fit to answer my very

relevant questions which I put on Hansard on May 8 of this year for the first time, and have repeated frequently since, I shall answer them myself for the benefit of the house. My first question was this:

First, can we still say that we have our local market so far as those commodities are concerned in view of the enormous decrease in their consumption?

The answer to that is no, and if as the Prime Minister said last year and has repeated very often since, we still have our local market, that was simply one more proof that he is not well informed and that he should not waste his time in gossip but should rather take every opportunity to make himself familiar with the bluebooks and other official publications of the various departments of which he is the leader.

My next question was this:

Secondly, for what reason was there such a decrease in one year, 1932-33?

The answer is very simple. It was because of the enormous number of people engaged in trade and business and who suffered a loss of their purchasing power by reason of the decrease in our external trade of one and a half billion dollars and over. They had lost their purchasing power and that was the main reason why the farmers were unable to sell to them the same quantity of farm products, and that in spite of the fact that the number of people in Canada is greater now than it was in 1930, and the prices of those commodities are even cheaper.

The farmers are suffering now because of the high barriers to trade which the Prime Minister has erected around this country and which have cut off our trade with the other countries of the world. That is the reason why our farmers have no money. They cannot sell their products because their customers have lost their purchasing power.

My third question was:

What is the proper remedy to be applied to such a situation?

I might ask that question in a different way. I might ask: What remedy has been applied by this government to that situation? The answer is very simple. It is that the government has not applied a single remedy to that situation that has not made the situation worse, because every time the government's remedy was to raise the tariff and thereby cut off our trade with the other countries of the world. The government were probably acting in good faith when they entered into the empire agreements, but they forgot that purely British trade is only nine one-hundredths of the total world trade, and they were sacrificing ninety-one one-hundredths of our opportunities for world trade in order to secure nine one-hundredths with Great Britain and the empire. The bluebooks published by the Department of National Revenue show that our trade, not only with England but with the other dominions, has decreased. The representatives of those dominions came to Ottawa to sign these pacts and agreements. We heard a lot of drumbeating and it was very noisy at the Chateau Laurier when Mr. Baldwin was asked to stay one day longer to sign these agreements. The Prime Minister (Mr. Bennett) had shed tears and said that he would not like to see him go away like that without giving him a scrap of paper of some kind. Mr. Baldwin and the other delegates put their names to these agreements which have proved to be so futile and against the best interests of this country. If we had got all of the British trade and Australia and New Zealand had got nothing, the Prime Minister might be able to boast about his accomplishments, but the trade of Australia and New Zealand with Great Britain is much better than ours while we have lost our trade with the United States and other foreign countries. This is the result of the whole thing.

I do not believe in expedients; I believe in a sane and sound policy. As the policy of this government is insane and unsound I am strongly against it. I am also strongly against the expedients they have brought to us. This marketing bill is just an anaesthetic to make the farmers sleep during the next election. This is absurd legislation; it is soviet legislation which has the support of hon. gentlemen in the far corner. The ministers of Quebec gave the cold shoulder to those hon. gentlemen last summer, and they blame the Liberals. The Cooperative Commonwealth Federation have taken over some of the principles of the Liberal party, but we cannot complain as we have no copyright. However, they have given them a wrong interpretation. We have nothing in common with the Cooperative Commonwealth Federation and the Liberals have nothing in common with socialism.

Mr. MOORE (Chateauguay): I wonder if the hon. member is having a spasm of insanity?

Mr. POULIOT: Get up and I will answer you. I hear the hon. member for Chateauguay-Huntingdon (Mr. Moore) speaking. I am sure that he does not know that our trade with England and with the other British countries has decreased since the last imperial conference. If he does not know that, he

should look up the bluebooks and get instruction on these questions. He has never spoken so he must have time to read. He should get familiar with these things so that he can give information to his electors. If he gives them full information, then there is only one thing he can do. The next time he meets the electors of Chateauguay he will have to say to them: My dear electors, I have tried to be faithful to you during the four years I have been a member in Ottawa, but I have learned nothing, I hope that I shall never represent you in Ottawa and that you will have a better man to represent you in the House of Commons when you elect a Liberal.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, I feel almost like apologizing for continuing the debate on this somewhat threadbare although important subject. However, there were a number of loose threads left lying around yesterday and I want to tidy up before I cast a vote either on the amendment or the main motion. I listened to the stirring appeal of my right hon. leader (Mr. Mackenzie King), an appeal which would move a heart of stone. Apparently my own heart has turned to stone because I did not feel any palpitating response to that appeal except admiration. Then I brightened up with the thought that perhaps my judgment is yet ruling instead of my sympathies. I am not going to go into this matter very fully as there are a number of hon. members yet to speak, but I think I should state at this stage that all day yesterday and far into the night I sought every available means of information which would justify my voting with my leader on this amendment, but I found it not.

I was brought up in a school of politics in the west which taught me that a vote like this meant a vote to kill the government. While that might be very desirable if it could be done, I am afraid that a vote to kill the government would be a vote to kill the bill. I may have been brought up in the wrong school of politics and that may not be the right interpretation which should be put upon such a vote, but I am going to take no chances because I do not want to kill the bill. Therefore, I am going to do just what I intended to do on the amendment to the motion for second reading had it not been declared out of order; I am not going to vote at all, I am going to exercise my right to refrain from voting on the amendment but I am going to vote for the third reading of this bill. I can do nothing else.

I should have liked to have seen a few more of the blemishes taken out of it, but can one get a perfect bill even on and by his own side? I have had to put through bills which were badly mutilated in the process, but I have been glad to have them put through at all. If I could not get my bills the way I wanted them on my own side of the house and when I was sponsoring them, how can I expect to have a bill according to my conception of things when my opponents are sponsoring the bills?

I did not deal yesterday with the methods of reformers. This is a reform bill and the foundations of it are Liberal. We in turn built upon the foundations of my predecessor, the Hon. Doctor Tolmie. He just nibbled at grading and standardization, but he started the thing and I give him credit for laying some of the foundation. He worked hard at the embargo on cattle and had just started on the hog regulations, but we the Liberal government put them into effect. We went on with the standardization until the time we went out of office. We had practically every exportable article standardized and ready for the next government when through the will of the people and by the turn of political fortune hon. members opposite came into power. They started where we left off. We started on Doctor Tolmie's tiny bit of foundation while hon. friends opposite started on the complete Liberal foundation of standardization. And now this government is building up the superstructure in the form of a marketing act. I went all over this yesterday and the hon. member for Regina (Mr. Turnbull) must have been out of the chamber or he would not have made the astonishing remarks he did in connection with this matter. However, that is my point of view. I am always in too much of a hurry when I am dealing with my hon. friend and I generally let him off. But the clock is going; we will have to break into another day and possibly I shall be able to pay a little attention to him to-morrow.

What is the right way to seek and promote reforms? This reform has been erected on the foundations we laid as Liberals and we should give it a boost forward. That is the way we make progress in this world. For fear that I might be getting mulish and stubborn in this matter, I looked up the history written by Trevelyan, the historian. Anyone who has read Trevelyan is delighted with the style of his writing and the accuracy of his information. I will not quote from him to-night; I merely refer to him as my authority. During the time of Peel and Disraeli,

Lord John Russell and Cobden and Bright, in all those wonderful days of reform, reform did not all come from one side of the house; for we see men like Peel, a Tory of the Tories, swinging towards the reform bills and free trade, and later on Disraeli, who had hammered the life out of Peel for swinging first on free trade, finally swung himself. What did Bright and Cobden do? They welcomed every advance from every source, consolidated it and then pressed on until the final consummation was attained.

I would not for a moment mention these names at all except to show that the very highest among the reformers took that stand, and I, a humble member of this house, cannot be very far wrong if I follow the same course—here a little and there a little. It will be our privilege to come into power in time, because no government remains in power forever, and then we can possibly in some capacity make such further reforms as may be necessary to make a complete Liberal bill of it. In the meantime, do members of this government think they will be there long enough to do very much harm, even if there are some bad Tory features in the bill? Now that is the practical way in which I look at it. There are many parts of this bill which I do not like, just as there were lesser parts in my own bills that I did not like when we were in power; I abominate some of these in this bill just as strongly as my right hon. leader does. But you have to have two sides. The Tory side has been Tory and the Liberal side has been Liberal for hundreds of years and no doubt will continue so. Of course, we have an additional side over here, if you call it a full side; it is a party anyhow, and even if there were only two there it would be an important party were the house evenly balanced, as it has been sometimes and was in 1925-26.

I am persuaded that the right way to bring about reforms is to take them when you get them, and from whatever source they come and then press on to higher heights. Hang on to them until the next opportunity presents itself, and then seize the next and press on again. And I have given you my authority in the past, Cobden and Bright, for that attitude. I think I am absolutely on solid ground when I take that attitude, and I take it with a great deal of regret because I feel it leaves a quite unnecessary seeming difference between myself and other members of my party, including my right hon. leader.

[Mr. Motherwell.]

But I think we make too much fuss altogether over this. Looking to the same source of authority, I find that all through the years the only thing that made the party system workable at all was the fact that always there was one here and there who would stand out and say, "I cannot follow that party any further in that direction." If every body were tied up to his party, which he loved best, and had reason to love best, and had a right to love best, tied up irrevocably for all time and eternity, would not that be a system of tyranny? Would not that be a system you could not entertain for a moment? The very salvation of the party system is the fact that there is sufficient independence within each party for men to stand out for their own convictions when circumstances seem to warrant, and that is why I am a party man. And I take pride in being a party man, but not of the irrevocable kind that altereth not on any occasion, especially when we are in opposition. Surely when we have the liberty of being to some extent free lances we can exercise it for a while. I have been twenty-one years in government, twenty-one long years swallowing sufficient sometimes to take down an ox. My larynx extended so that I could swallow almost anything. Why not give that distended organ an opportunity to relax a little, when we are in opposition, and assume its normal tone?—because, peradventure, we shall come into power some day and then the swallowing will again be resumed for some. I do not know whether my electors want me back here again or not; but that is another matter. I am growing with the years—

Mr. MANION: This will probably elect you.

Mr. MOTHERWELL: —and I may not even be back here. As I say, that will depend on the electors. I might be on the other side of Jordan, though I don't feel a blamed bit like it; make no mistake about that. But I was nearly there once in 1929, and I always feel, with further years, that that great adventure of the beyond is getting nearer and nearer, and this may be my last chance to promote the cause of cooperative marketing. Little as I have done, I have done my best; and my best in this instance would be not to allow this chance to slip and not to turn my fellow farmers back home empty-handed. Whatever I may do I will not do

that, though it were my last vote in this world.

With these few observations, Mr. Speaker, I would ask that you allow me to call it six o'clock and I will adjourn the debate.

An hon. MEMBER: No.

Mr. MOTHERWELL: I am appealing to Mr. Speaker, but I can keep on the other two or three minutes.

Mr. MANION: Six o'clock.

Mr. MOTHERWELL: I move the adjournment of the debate.

Motion agreed to and debate adjourned.

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

Thursday, June 7, 1934

The house met at three o'clock.

REPORTS OF COMMITTEES

Fourth report of the select standing committee on agriculture and colonization.—Mr. Senn.

Seventh report of the select standing committee on banking and commerce.—Mr. Hanson (York-Sunbury).

RAILWAYS AND SHIPPING

Hon. J. D. CHAPLIN (Lincoln) presented the fourth report of the special committee on railways and shipping owned, operated and controlled by the government, and moved that the third and fourth reports be concurred in.

Motion agreed to.

PASSAMAQUODDY AND COBSCOOK BAYS REPORT

Right Hon. R. B. BENNETT (Prime Minister): I beg to lay on the table three copies of the report of the international commission appointed to investigate the probable effects of the damming of Passamaquoddy and Cobscook bays on the fisheries of that region. The three copies are in English; the French copy will be completed probably by Monday.

I deferred laying this report on the table until the French copy was ready, but in view of the observations made by the hon. member for Gloucester (Mr. Veniot), I table this report to-day, of which I am sending him a copy.

ST. CLAIR TRANSIT COMPANY

Mr. R. W. GRAY (West Lambton) moved:

That the petition of St. Clair Transit Company, presented on June 6, praying for the passing of an act to extend the time for construction and completion of a bridge, together with the report of the clerk of petitions thereon, be referred to the select standing committee on standing orders for the purpose of considering the suspension of standing orders 92, 93 (3) (a) and (c), and 95 in relation thereto, and of standing order 93 (1) as regards the penalty charge incurred for late filing of the bill.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

*CALGARY, ALTA., BONDED INDEBTEDNESS

Mr. CASGRAIN:

1. Is the government aware that the corporation of the city of Calgary has repudiated payments of the exchange upon its bonded indebtedness payable in New York?
2. Has the federal government made good the difference on the exchange?
3. If so, what amount has the government paid on such account?

Mr. RHODES: The answer to question No. 1 is no information. The answer to question No. 2 is no, and No. 3 is answered by No. 2.

TAX FREE BONDS

Mr. MITCHELL:

1. What is the amount of dominion tax free bonds outstanding: (a) registered; (b) bearer?
2. How many persons are holders of bonds of $1,000 and less?
3. What number of persons are holding such bonds of $1,000 and up to $5,000?
4. How many persons are holding such bonds over $5,000 and under $10,000?
5. What number of persons are holding such bonds to the value of $10,000 and over?

Mr. RHODES:

1. (a) $115,887,200; (b) $211,073,700.

2, 3, 4 and 5.—Not of record.

(Note.—The Department of Finance has no information as to the distribution of bearer bonds among individual holders. Assuming that parts 2, 3, 4 and 5 refer to holders of tax-free bonds and not all dominion bonds, a compilation could be made as to the distribution of bonds that are registered, but this

would be only a partial answer and it would involve considerable clerical work, approximately 12 clerks for four or five days. If the inquiry relates to all bonds, the work involved would be almost twenty times as great.)

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYMENT RELIEF—WINDSOR, ONT. AREA

Mr. MORAND:

1. What is the total amount spent on unemployment relief during the years 1930, 1931, 1932, and 1933, in the following municipalities in the province of Ontario: Windsor, Sandwich, Walkerville, East Windsor, Riverside, Tecumseh, Sandwich East, Sandwich West?
2. What was the total amount spent from the grade crossing fund in those municipalities?

Mr. CAHAN: Return tabled herewith.

QUEBEC HARBOUR SHEDS

Mr. LAVERGNE:

1. Did the Quebec harbour commission call for tenders in connection with the reconstruction of sheds 25, 26, or 27?
2. If so, on what date, through what advertising media, and what were the stipulations?
3. What persons tendered and what was the amount of each such persons's tender?
4. Was any such tender accepted, and if so, what tender and what was the amount?
5. If not, why?
6. Have any representations been made to the government or the Department of Marine with respect to the expediency and necessity of such works?
7. Will the Department of Marine call for new tenders or, in this case, accept the lowest tender submitted?
8. Have the rights and powers of the Quebec harbour commission to grant contracts covering works of the description mentioned in question (1) been questioned?
9. If so, by whom, what is the basis of the objections and what action has been taken by the Department of Marine?

PRIVILEGE—MR. WEIR (MELFORT)

On the orders of the day:

Hon. ROBERT WEIR (Minister of Agriculture): Mr. Speaker, I rise to a question of privilege. It is reported in Hansard of June 1, 1934, at page 3613, that the hon. member for North Battleford (Mr. McIntosh), referring to a speech of mine delivered on May 22, 1933, stated:

> Last year the minister contended that the Anglo-Saxons were the only people in the north; he suggested that the Mennonites, the French, the Belgians, the Scotch and the Welsh and others were not people, but merely political cattle.

[Mr. Rhodes]

This statement is absolutely untrue, and I ask that it be stricken from the records of Hansard.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, a question of privilege. I have heard the statement made by the hon. member for Melfort (Mr. Weir), the Minister of Agriculture, with regard to a statement by myself growing out of the debate we had in this house last Friday night. I desire to make answer to it. I think the hon. member has been badly advised to bring this question before the House of Commons again.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member is speaking to a question of privilege, and he should proceed. This is not the time for debate.

Mr. McINTOSH: I am not debating; I am making a statement.

Mr. SPEAKER: The fact as to whether or not the hon. member for Melfort has been correctly advised is not a matter to be brought up here.

Mr. McINTOSH: It is a question of privilege, as far as I am concerned, and I am entitled to make it. Now, the hon. gentleman had a question of privilege before the house on June 4, last Monday. He was very anxious to have that question of privilege put before the house.

Some hon. MEMBERS: Order.

Mr. SPEAKER: What is the hon. member's question of privilege which he is now raising?

Mr. McINTOSH: If you will give me a little time I will soon come to it.

Some hon. MEMBERS: No, no.

Mr. McINTOSH: I think I am entitled to make a statement.

Mr. BENNETT: Yes,—but make it.

Mr. DUPUIS: You are afraid of the truth, that is all.

Mr. McINTOSH: When I replied to him on Tuesday, June 5, I thought the matter had been settled. I noticed the hon. member was quite restive.

Some hon. MEMBERS: Order.

Mr. McINTOSH: And I administered the medicine I thought necessary.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member should speak to the question of privilege. But, as I said before, this is not the proper time for speeches of that kind.

Mr. McINTOSH: If I had a drop or two of hemlock in it I did not mean to make the medicine too strong. I wanted to be fair about it. Now, then, Mr. Speaker, I welcome the further discussion of this matter in the House of Commons. I am willing to meet the Minister of Agriculture anywhere he likes to discuss this question.

Mr. SPEAKER: Order.

Mr. McINTOSH: May I just refer—

Mr. SPEAKER: The hon. member is not in order in making the remarks he is now making. The Minister of Agriculture has called attention to certain words which were used which he says were untrue, and he has asked to have them expunged from Hansard. I think the hon. member for Battleford is not addressing himself to that.

Mr. McINTOSH: You mean North Battleford.

Mr. SPEAKER: And the matter is not a subject for discussion. If it is the wish of the house, I shall order that these words be struck out of Hansard.

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

Mr. McINTOSH: I wish to explain the reason why—I wish to explain my position to the house in making the statement, and then I am quite prepared to accept the minister's statement, if it is necessary. May I say now to my hon. friend—

Mr. SPEAKER: The hon. member—

Mr. McINTOSH: If you are not going to let me make a statement of fact it is a nice state of affairs.

Mr. SPEAKER: The hon. gentleman is out of order.

Mr. McINTOSH: Then I will move the adjournment of the house to have this matter settled.

Mr. BENNETT: That cannot be done.

Mr. SPEAKER: The hon. member may move the adjournment of the house, if he chooses, but it is not a motion upon which any debate can take place.

Mr. McINTOSH: All right, I will move the adjournment of the house, then, to have the matter discussed and brought to a point. It is a matter of national importance, this question. If you desire me to make a statement on a matter of—

An hon. MEMBER: No, we don't.

Mr. McINTOSH: —on a matter of national importance of recent occurrence, let me make it. On page 5280 of Hansard for May 22—

Mr. SPEAKER: The hon. gentleman persists. He has not raised a question of privilege. His privilege is not being encroached upon, nor are the privileges of the house.

Mr. McINTOSH: I have said that I desired to move the adjournment of the house with regard to this matter. I wish the house to decide upon it, if you will not allow me to make a statement.

Mr. SPEAKER: I ask the hon. member to resume his seat. We will proceed with the business of the house.

Mr. McINTOSH: I wish to continue the discussion and put my statement on Hansard.

Some hon. MEMBERS: Sit down.

Mr. SPEAKER: If the hon. member is determined to force the hand of the Speaker I shall have no alternative but to name him, and ask the house to take proper action, which I have no desire whatever to do.

Mr. McINTOSH: I am not a bit alarmed by words of that kind.

Some hon. MEMBERS: Order.

Mr. McINTOSH: I just wish fair play in the house; that is all I require.

Mr. SPEAKER: Nothing but fair play has been meted out to the hon. gentleman so far.

Mr. McINTOSH: Will Your Honour allow me to make my statement?

Mr. SPEAKER: The Minister of Agriculture has referred to certain words and has asked to have them struck out of Hansard. I say if it is the desire of the house that they be struck out, I shall give that order. There the matter ends.

Mr. MACKENZIE (Vancouver): Mr. Speaker, on a point of order. With great respect, I must say that I understand the hon. member for North Battleford (Mr. McIntosh)

is going to quote from a previous debate, and I think he is quite right in raising a question of privilege in his own defence, in regard to the previous record.

Mr. SPEAKER: He quoted nothing and made no attempt to quote anything.

Mr. McINTOSH: I made an attempt to quote it, but you would not allow me.

Mr. CAHAN: I wish to raise a point of order. Standing order No. 31 in Beauchesne's parliamentary rules and forms is as follows:

31. (1) Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a definite matter of urgent public importance) must be asked after the ordinary daily routine of business has been concluded and before notices of motions or orders of the day are entered upon.

(2) The member desiring to make such a motion rises in his place, asks leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, and states the matter.

Mr. MACKENZIE (Vancouver): He has not yet been allowed to do that.

Mr. CAHAN: It continues:

(3) He then hands a written statement of the matter proposed to be discussed to Mr. Speaker, who, if he thinks it in order, and of urgent public importance, reads it out and asks whether the member has the leave of the house. If objection is taken, Mr. Speaker, requests those members who support the motion to rise in their places and, if more than twenty members rise accordingly, Mr. Speaker calls upon the member who has asked for leave.

And so on.

Mr. MACKENZIE (Vancouver): I think there has been a misunderstanding. I think the hon. member for North Battleford was speaking to a question of privilege and I do still submit, with all respect, that permission should be granted to him, on the question of privilege, to make the quotation which he desires to make to substantiate his statement. I do not think the question of the adjournment of the house arises until Your Honour decides it is not a question of privilege.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the motion to adjourn was not seconded and the steps taken were not for the purpose of having the adjournment of the house. The question was a question of privilege. The hon. gentleman has a right to speak to the question of privilege. He was not doing so when the Speaker asked him to desist from making the observations he was making. He was attributing motives and other designs to the member who had raised the question, the member for Melfort (Mr. Weir).

Mr. McINTOSH: I had just come to my main statement when I was stopped.

Mr. BENNETT: There should have been no preliminary; that was the difficulty. The position at the moment is this. Under our rules a member is bound to accept the statement of another member, and the member for Melfort has stated that he did not hear a portion of the statement of the hon. gentleman, that had he heard it he would have at once objected to it as being incorrect. He says, " I desire to state that that statement attributed to me is untrue, that I did not make the statement in question." Our rules provide that when an hon. member of the house makes a statement of that kind it shall be accepted by the house, and we have heretofore followed that course. If, however, the hon. member for North Battleford (Mr. McIntosh) challenges the accuracy of that statement, I am not certain but I think he would have the right to have the matter disposed of by a committee, either a standing or special committee of this house; but it is obvious that for the conduct of business in this house we are bound to accept the denial of those to whom we have attributed statements which they say are incorrect, and we have followed that practice. If a statement is made by my hon. friend from Vancouver Centre (Mr. Mackenzie) and I disagree with it, I can say to him that he has attributed to me a statement I did not make, or which is incorrect, and he then is bound for the purposes of debate to accept my statement. That is the position of the hon. member for Melfort and of the hon. member for North Battleford, as I read the rules.

Mr. MACKENZIE (Vancouver): I thoroughly agree with most that the Prime Minister has said, but the Minister of Agriculture (Mr. Weir) went further, and asked that a certain statement be expunged from the records of Hansard. That does affect the privileges of the hon. member for North Battleford. I agree with everything the Prime Minister has said so far, but as to what the Minister of Agriculture asked in regard to expunging the words in question from the official record of this house, that is a matter of privilege affecting the hon. member for North Battleford, and he has a right to explain why that statement was made in his address.

Mr. BENNETT: Speaking for only a moment more to the question of order, I think it is quite correct as Your Honour intimated a moment ago that to expunge the remarks in question from Hansard can only be done as Your Honour said with the approval of the house, and it would require a motion to that effect, which motion the hon. member for Melfort was proceeding, as I understood him, to make.

Some hon. MEMBERS: No.

Mr. BENNETT: The Speaker was so treating it; that is a fair way to put it. Under the circumstances I suggest that the hon. member for Melfort give notice that he will move to have the words expunged from the record. That will be a debatable motion.

Mr. CASGRAIN: He will have to give notice.

Mr. BENNETT: He will give notice.

AUSTRALIAN WHEAT AND FLOUR

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): I have a question to direct to the Minister of Trade and Commerce. Yesterday I asked him in regard to the importation of Australian wheat and flour into Canada. I asked if those shipments of wheat and flour were subsidized. I quote from the Hansard of yesterday what the minister said in regard to the subsidy:

> Mr. Stevens: No, not to my knowledge. Without looking into the matter I cannot answer that question, because the Australian system in regard to many products is very complicated, and I cannot answer it offhand. So far as I know, however, the answer would be in the negative.

I take from that Mr. Speaker, that the minister said that these shipments were not subsidized. With all due respect to the minister I want to say that he is wrong, that these shipments of flour to Canada have been subsidized.

Hon. H. H. STEVENS (Minister of Trade and Commerce): The hon. gentleman is not quite in order in making an observation of that kind under the guise of a question. I told him yesterday what I think any reasonable person would have recognized, that I could not possibly be expected to have under my hand the exact data to answer a question of that kind asked without notice. I did say that in my opinion the shipments were not subsidized. I have just had handed to me by my deputy who has been working on the matter a definite statement in regard to it.

I might say before giving an answer to the latter part of the question that the importations of flour for the year ending March 31, 1933, were £28,000, and for the year ending March 31, 1934, £73,000, and all of these came in on the Pacific coast where there is some soft wheat flour imported either from the United States or from Australia.

Regarding the question of subsidy my officials who have gone into the matter with care commensurate with the time at their disposal, state as follows:

> An Australian Wheat Bounty Act of 1931 which provided a bounty of 4½d. per bushel to growers of wheat sold or delivered for sale between October 1, 1931, and October 31, 1932, expired on the latter date. The bounties paid under this law totalled £3,429,271.
>
> A Commonwealth Financial Relief Act, passed on December 5, 1932, granted £2,000,000 to commonwealth states for distribution among wheat farmers, presumably for the next year, not as a bounty on production, but as an aid to farmers in necessitous circumstances.
>
> A measure of a somewhat similar nature to the foregoing, known as the wheat growers relief bill, was introduced into the Australian parliament on December 1, 1933. It provided £3,000,000 for distribution on an acreage basis among the various states of the commonwealth, to be applied to the reduction of producing costs of wheat, including transport and marketing, also to provide assistance for necessitous wheat growers as before. The assistance is not to be based directly or indirectly on the quantity of wheat produced by individual growers and state governments are required to restrict the financial assistance to growers who did not receive taxable incomes during the year ended 1933. The £3,000,000 required under the bill of December 1, 1933, was to be raised by new taxation including a sales tax of £4. 5s. per ton on flour, but exempting flour for export. The records to hand do not confirm whether the bill introduced December 1, 1933, was enacted into law but confirmation has been asked by cablegram.

The point I would draw to my hon. friend's attention is that the taxation of flour is limited to the flour used for home consumption and is not applicable to export flour; but that should not be considered a bounty or a bonus on exports. As near as we can get the facts they are as indicated here, and the hon. member will note that the application of this aid is chiefly a matter of the relief of distress among the wheat growers and to minimize the cost of the movement of wheat. It cannot be considered a bounty on exports. I also drew to his attention the fact that such imports as have come in have not arrived on the Atlantic seaboard, but on the Pacific. Our information is that there have been no recent imports through the Atlantic seaports.

Mr. SANDERSON: Do I understand that the minister states that the recent shipments of flour from Australia and those which are now en route are not subsidized by the Australian government?

Mr. STEVENS: As far as I know and as far as my officials can ascertain, they are not.

Mr. SANDERSON: With all due respect to the minister, I think he is wrong.

FIRST NARROWS BRIDGE

On the orders of the day:

Mr. A. E. MUNN (North Vancouver): Mr. Speaker, I should like to ask a question of the government in connection with the First Narrows bridge at Vancouver. The contractors are ready to start work, financial arrangements have been made and all that is necessary now is the consent of the federal government. I should like to know if the government has arrived at a decision or is likely to arrive at one in the near future in connection with this matter.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, on more than one occasion since this session began I have answered questions with respect to the so-called First Narrows bridge. The fairway or entrance to the harbour of Vancouver is very narrow and the effect of placing a bridge over that entrance is a matter of grave public concern. The fact that the city of Vancouver desires that money should be expended to construct the bridge, the fact that private interests are willing to provide capital and the fact that certain points will become more closely connected are all matters of private and semi-public concern. The government has been asked to express approval of the construction of a bridge and the considerations which the government will have to have in mind when arriving at a conclusion are not those affecting private interests, they are those affecting public interests solely. With so narrow a fairway, with water so shoal, with some ships having only eighteen inches of water under their keels when going to sea, the house will readily understand that there are matters of grave public concern that must be considered when determining the particular type of bridge that should be constructed. The Minister of Public Works (Mr. Stewart) is primarily responsible and I can only say that he has not yet submitted any recommendation to council with respect to the matter. Many questions are involved in this matter, not the least of which is the effect of a single bomb dropped by an aeroplane upon the structure and blocking up the harbour of Vancouver and the results which might follow in certain eventualities with respect to our obligations of neutrality or other obligations which may rest upon the state. The government must consider all these problems and the minister who is charged with responsibility is submitting the matter to council at an early date. In the meantime, I cannot express any opinion as to what action may or will be taken. All I can say is that every consideration which affects the public interest from the standpoint of the Dominion of Canada as distinct from private interests will be considered.

Mr. MACKENZIE (Vancouver): Is the right hon. gentleman aware that the eminent authority, Sir Alexander Gibb, has endorsed this bridge from an engineering point of view?

Mr. BENNETT: His report has been sent to the Minister of Public Works. He deals with the structure as such, its size and character and so on, but he does not undertake to deal with certain other problems with which the government necessarily has to deal.

TRADE AGREEMENT WITH UNITED STATES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): The press dispatches from Washington make reference to the powers recently given by congress to the President of the United States either to increase or decrease duties to the extent of fifty per cent. They mention that it is understood that different countries have made overtures to the government of the United States with respect to the negotiation of reciprocal treaties under this power. They state further that it is understood that Canada is among the countries which have made overtures. I should like to ask the Prime Minister (Mr. Bennett) if it is a fact that the government has made overtures to the president in connection with the negotiations of a reciprocal treaty under the powers granted to the president and, if not, is it the intention of the government to do so immediately?

Right Hon. R. B. BENNETT (Prime Minister): It will be perhaps within the

memory of most hon. members of this house that some few weeks ago I read the joint statement which had been given out by the President of the United States and myself after I had visited Washington. The sense of that statement was that we would continue to explore the possibilities of being able to arrive at a trade agreement. The difficulties which the president experienced in securing the passing of the legislation to which reference has just been made have disappeared, the legislation having been enacted. During the interim since I last spoke and up to to-day we have been exploring the possibilities of being able to arrive at some agreement with respect to trade matters. We will continue to do so and if such an agreement can be arrived at, of course we shall submit it to this house.

MARKETING ACT

ORGANIZATION TO IMPROVE METHODS AND PRACTICES IN MARKETING NATURAL PRODUCTS

The house resumed from Wednesday, June 6, consideration of the motion of Mr. Weir (Melfort) for the third reading of Bill No. 51, to improve the methods and practices of marketing of natural products in Canada and in export trade, and to make further provisions in connection therewith.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, when I was speaking last evening before six o'clock I indicated that I thought I would be able to spend a short time in dealing with one of the statements made by the hon. member for Regina (Mr. Turnbull). I intended to do this not because it was any different from any other statement but because he seemed to have fallen into the error into which most hon. members have fallen, that is, he believed there was no outstanding relationship between the standardization of farm products and the marketing thereof. This is a very common error. I do not suppose half of the hon. members knew there was such a close relationship between standardization and marketing. At the risk of repeating what a very good authority has said on this subject, I should like to read again the quotations I gave the other day from Major Elliot, the Minister of Agriculture for Great Britain. He said:

> Standardization is a fundamental principle of our modern commercial system.

And again:

> The commercial advantages of standardization are well known and need not be repeated here. In this country, as elsewhere, legislation has proved to be necessary to put the standardization of farm produce on a national basis. Here, it has taken the form of the Agricultural Produce (Grading and Marketing) Acts, 1928 and 1931.

I pointed out that when the Liberal government went out of power we were almost through with the process of standardization and grading of those commodities which were exported. Here is Major Elliot's last statement:

> So the time has come to develop further the policy to which successive governments have already contributed and prepare to rebuild the whole organizational structure of our agricultural marketing.

That makes it quite plain, even to a doubting Thomas, that there is a very close relationship indeed. I dealt with this question in my remarks of Tuesday, and I shall not weary the house by repeating. I want to state that the establishment of this central marketing board plus the standardization of farm products which had taken place up to 1929 is one of the most important features of this marketing bill. Over one thousand cooperatives and other farmer organizations were in existence in this dominion and I should like to show the house what might have been the final different results of these organizations and activities had we had such a body as the central board to collect information and to supply counsel and advice to such farm bodies. If there had been such a body I am sure the disappointing results of many of our farm organizations would have been quite different and much more successful. I referred to the great work done in the early days of the inception of the grange movement. I should like to quote from A History of Farmers' Movements in Canada, by Mr. Wood. If any hon. gentleman would like to extend his knowledge on these matters he could not do better than read this book. He says:

> The things for which the grange movement has stood in Canada were set forth in what was entitled its "declaration of principles." This document was a compound from two main sources. Its introductory clauses or preamble was taken from a general preamble explaining the objects of the Patrons of Husbandry, adopted at the sixth annual convention of the National Grange held at Washington, D.C., in January, 1873. The bulk of the document, however, was formed of selections made from the declaration of purposes of the National Grange, accepted at its St. Louis sessions, February 4-12, 1874, and of which J. W. A. Wright, a California granger, was the leading author.
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> The preamble to the declaration of principles states that instruction in the art and science of husbandry is to be above all the aim of the

Grange in Canada. "The products of the earth," it asserts, "are subject to the influence of natural laws, invariable and indisputable; the amount produced will consequently be in proportion to the intelligence of the producer, and success will depend upon his knowledge of the action of these laws and the proper application of their principles. Hence knowledge is the foundation of happiness." Membership in the grange gives the farmer an opportunity to combine in order to attain his ends. "Unity of action," continues the preamble, "cannot be acquired without discipline and discipline cannot be enforced without significant organization; hence we have a ceremony of initiation which binds us in mutual fraternity as with a band of iron; but, although its influence is so powerful, its application is as gentle as that of the silken threads that bind a wreath of flowers."

Heading the declaration proper is found the motto of the order, to wit: "In essentials, unity; in non-essentials, liberty; in all things, charity." Canadian grangers' ideas on the economics of agriculture are therewith outlined in pithy language. They plan to give added attention to the diversification of crops, and in general to make their farm lands more self-sustaining. With the object of reducing the weight of their exports, grangers will adopt the policy of selling "less in the bushel, and more on hoof and fleece." Knowing too the value of foresight in their industry, they intend to "calculate intelligently on probabilities."

That expression to-day would be "economic planning" under the new order.

And to avoid the influences that have militated against the success of agriculture in the past, the order will "discountenance the credit system, the mortgage system, the fashion system, and every other system tending to prodigality and bankruptcy."

If we had had a central board with the status and importance of government supervision during these intervening years, I wonder how many of all these sound principles would have been preserved to this day. I think there would have been a whole lot of them. But with no guiding hand over them, these bodies scattered all over the face of Canada, exploited by every adventurer who chose to make use of them for his own political and other ends, languished and died on the political reefs and rocks as they have done on other occasions since, as I pointed out on Tuesday last. A great many of the business and social virtues indicated here have been lost sight of not only in Canada but in many other countries, though they might have been retained if we had had a central board such as that established under this bill. Let me repeat this sentence:

And to avoid the influences that have militated against the success of agriculture in the

[Mr. Motherwell.]

past, the order will "discountenance the credit system, the mortgage system, the fashion system, and every other system tending to prodigality and bankruptcy."

The disregard of these prime virtues pointed out in this grange platform has largely been responsible for the economic condition in which the world finds itself to-day.

My right hon. leader reminded us yesterday that the present world situation is nothing new but possibly more world wide. After every great war business depression has existed in great intensity, possibly not on such a large scale as at the present time; but we have always had these depressions after great tragedies like war. Here is an organization which has as the basis of its declaration of principles what I have just read, and I want to read a little more from this fine work:

Upon the question of the business relations of Canadian grangers, the declaration is very explicit. The order holds no enmity to capital; legitimate business must obtain; transportation companies are necessary to agricultural development. On the other hand the grange in Canada is firmly determined to bring producer and consumer more closely together. "We must dispense with a surplus of middlemen,"—

This will be interesting to the Minister of Trade and Commerce in connection with the mass buying and price spreads investigation now going on.

—contends the document, "not that we are unfriendly to them, but we do not need them—their exactions diminish our profits." Any "tyranny of monopolies" would be distasteful to the granger just as he would be "opposed to excessive salaries, high rates of interest, and exorbitant per cent profits in trade."

No hesitancy is shown in repudiating the idea that the grange in Canada has in any sense been established for political purposes.

Every farmers' organization I know of, of a special character like this, for the last sixty years has had in the forefront of its platform the declaration that it had no intention whatever of going into politics, and I believe that at the outset no organization of the kind has had any such intention. In the course of a number of successful years however they begin to feel their oats, if I may say so; they begin to realize their power, having had access as advisers to governments and their advice having been taken and well taken. And there is no objection to political action if it did not put their commercial activities invariably on the hummer. But finally such organizations plunge into politics, possibly led by only one or two clever platform performers, and that is the beginning of the

end. I dealt with that the other day and I will not repeat now what I said then. I would point out however that we have now one most hopeful-looking young people's organization, one of whose slogans is, "Save Canada —save agriculture;" and they would be horrified if anyone suggested to them that they were laying the foundation of another political party. They have no idea of such a thing now. But the fact is that farm organizations nearly always start out like that and end in political action. I am satisfied that all these well-meaning organizations would be most helpful to governments in an advisory way if they had some central rendezvous or friendly place of concourse in this capital to which they could ask for sound advice. If such organizations had had a retreat of that kind to advise them they would have been saved many a tragedy and disaster. Let me quote still further:

"No grange, if true to its obligations," is the emphatic statement, "can discuss partisan or sectarian questions." It might not call political conventions, nominate candidates, or permit of the discussion of questions on which its members stood divided on party lines. At the same time, the granger must perforce take a deep interest in political issues. It must be his business to do everything in his power to put down "bribery, corruption and trickery" in connection with public affairs. The principles of the order, it was thought, should be of great value in the realm of government, because those principles "underlie all true politics, all true statesmanship."

The declaration states quite candidly that the grange movement in Canada is meant exclusively for the farming population. A barrier must be imposed to the admission of the non-agriculturist, since he has "not a sufficient direct interest in tilling the soil, or may have some interest in conflict with our purposes." But sex distinctions are wholly eliminated within the order; more than that its aim is "to inculcate a proper appreciation of the abilities and sphere of women." While an advocacy of better agricultural education is considered a watchword among Canadian grangers, they desire to obtain better facilities for education all round. "We shall advance the cause of education," is emphatically promised, "among ourselves, and for our children, by all just means within our power."

In the west, in the old Grain Growers' Association, we had an organization almost identically the same as this, and for years the government of Saskatchewan were advised by them on many public issues of the day and took that advice and enacted it into law. But once any such organization goes into politics it becomes a political party like the others after which governments and parties will not be so much disposed to take their advice because they do not know whether such advice is merely political or quite disinterested as formerly. Let me now turn to another phase of the question.

The central board provided for in this bill plus the farm economics branch established by the previous government is from my standpoint the most important part of this whole legislation. It will supply a continuity, a rendezvous, a clearinghouse, a registration bureau, if you like, of all these bodies from the Atlantic to the Pacific and protect them from the ravages of the two-legged wolves that, as I previously indicated, tear them asunder on occasions by beguiling them into politics.

I come now to a more recent date than back in 1872. It will be noticed that in the bill wheat is specifically provided for, and I think the government should make it quite clear that under present international wheat conditions and agreements this measure cannot very well apply to local boards in regard to wheat. When the Prime Minister (Mr. Bennett) closes the debate, as I understand he will, he should give a frank expression of opinion on that if he looks upon it from that standpoint. I feel those representing the wheat pools in the west are quite well aware of that, but on the other hand many in the west are under the impression that this legislation will work a miracle so far as our wheat is concerned, that there is going to be a sudden transformation, something springing up like the old wheat board of 1919, that will give them continually rising prices. It would be in the interest of the bill, the government and the farmers to disillusionize them on that point because it is generally understood that under present economic conditions and international wheat agreements the government must keep close control of the marketing of that product. I express the wish that the Prime Minister, if I am wrong, will make it quite clear what the bill intends in that respect.

A year ago last February I put on the order paper a resolution which I am about to read. Before I did that, the same subject had been dealt with by the hon. member for Lisgar (Mr. Brown). I gave him some support and when this resolution of mine was put on the order paper he gave it some support. In February, 1933, I made the following motion:

Whereas, unemployment, scanty clothing and hunger throughout the land continue to be all too prevalent, and

Whereas, this persistent economic depression not only adds to the growing relief requirements in many centres, but also substracts from the number of voluntary contributors, many of

whom are now feeling these social efforts growing more and more beyond their capacity to carry,

Therefore, be it resolved—That, in the opinion of this parliament the government of Canada should place a sufficient quantity of our surplus wheat stocks, at the disposal of the Red Cross, welfare bureaus and other similar organizations, to supplement and more fully take care of the food requirements of the unemployed, the poor and the hungry throughout Canada.

And be it further resolved—

This is the more important part of the resolution:

That the government of Canada take such steps as are necessary and expedient to explore the possibility and practicability of selling on long term credits a substantial quantity of our embarrassing wheat carry-over to China, or any other available country where poverty, hunger and misery prevail.

This government for some strange reason seems to have taken it for granted because we are being gradually squeezed out of Great Britain and the European continent by one cause and another, the policy of self-sufficiency on their part being the principal cause,—and the others I do not care to mention now—there was no other market elsewhere. The Prime Minister on the occasion of discussing this resolution made some very nice and I might also say complimentary remarks to the author of it, but he indicated—and possibly this was a fortunate way out—that China was now at war with Japan and under those conditions we could not play favourites. But when the resolution was put on the order paper my recollection is that they were not at war and besides the resolution applies not to China alone but to all the oriental countries where poverty prevails. Then the Minister of Trade and Commerce (Mr. Stevens) made a brief reply; at that time he did not think it was necessary to fuss up about this thing; there was not any market there anyway; it was filled; it was described quite graphically how what are usually called commission houses would gobble it all up if we tried to do anything along the lines of barter trading, and anyhow the whole cloud was going to lift soon and things would resume their normal swing in the wheat and other markets of the world. But conditions have been and are getting worse as to wheat carryovers. Has any hon. member during the interim heard anything of this government seeking markets anywhere? They are simply sitting there apathetically and putting the brakes on production instead of doing anything in the nature of trying to merchandise production. I do not want to be too harsh at this time; I have tried to carry through the debate on this bill in a moderate tone of voice and moderately as to substance so as not unnecessarily to ruffle anybody's feelings, and I intend to continue that course. But if I were in the other humour to-day as I sometimes am, I could pound the stuffing out of the government with respect to their ghastly apathy in the matter of possible oriental markets. I remember in the year 1909 or 1910 when the late Sir William White packed his kit and went off to Japan to see what could be done there to develop our wheat and flour trade, and later on the late Sir George Foster did the same thing. Japan has since become a great wheat flour eating country; and with those millions of people in China who are gradually learning to eat more wheat, instead of selling more we have lost our trade almost altogether with that country. I would like to hear anybody contradict that statement because I was rather hoping they would as I would then have an opportunity of giving the information gently to them. I will put my best ear to my hon. friends to see if they cannot dissent from my statement.

Mr. HACKETT: Tell us about it just the same.

Mr. MOTHERWELL: Well, I will tell my hon. friends about it and I think we should all take cognizance of it. For fear, however, I forget this when I finish my present remarks —and I shall not be very much longer—I would be glad if the Prime Minister would consider the advisability of discussing with the house the international wheat agreement, that is set a day apart, or at least if he would tell us why he did not ask our concurrence in it. When a comparatively unimportant matter like silver, because important as it is it is relatively unimportant in comparison with wheat, was discussed and concurred in at the tail end of a resolution, tacked rather adroitly on to the motion of the hon. member for New Westminster (Mr. Reid), surely a farreaching proposal like this international wheat agreement should have had the concurrence and support of the house before it was put into operation. I just mention this now for fear I might forget it, this being my last chance on this bill to discuss the China situation from the point of view of a wheat importing country.

Unfortunately I shall have to read, again. This is a review of China's wheat trade in 1933 by B. A. Macdonald, assistant trade commissioner. I think it would be nice if somebody would ask the Minister of Trade and Commerce to come into the chamber because he may not have seen this.

Mr. BENNETT: He is in committee.

Mr. MOTHERWELL: Well, officials sometimes put out some funny stuff that their ministers may know nothing about.

Mr. MACKENZIE KING: What is the hon. member reading from?

Mr. MOTHERWELL: From the Commercial Intelligence Journal of May 5, 1934. It would be well for all of us to get copies of it.

Mr. MACKENZIE KING: By whom is it issued?

Mr. MOTHERWELL: Issued every Saturday by the Department of Trade and Commerce: Minister H. H. Stevens, M.P.; Deputy Minister; James T. Parmelee. I will read it without comments because it may be capable of explanation; there may be an alibi.

Shanghai, March 16, 1934.—China's imports of wheat in 1933 amounted to 1,181,000 short tons or 39,367,000 bushels valued at roughly Canadian $23,500,000. This is the largest import for any year since the trade first began in 1921, with the exception of the record year 1931 when 1,518,000 tons were brought in. As a result wheat has become the third greatest single import, ranking after rice and raw cotton, and it now represents 6·47 per cent of all imports as compared with 4·87 per cent in 1932 and 6·11 per cent in 1931. The 1933 percentage is the highest yet recorded. Since the London wheat conference estimated world import requirements for the 1933-34 crop year to be 560,000,000 bushels and since China took 39,000,000 bushels in the calendar year 1933, it would appear that this country is now absorbing somewhere between 5 and 10 per cent of world imports, and must constitute therefore one of the foremost of the wheat markets.

The principal features of the year's trade were briefly as follows:

(1) Australia's continued and increased dominance.

(2) Argentina's notable participation.

(3) New Zealand's participation for the first time.

(4) The complete absence of American and Russian wheat.

(5) Canada's decreased participation due to the low prices and depreciated exchange of Australian and Argentine supplies.

(6) The imposition of a duty on wheat and flour for the first time.

(7) The wheat credit arrangement effected between the United States and China.

And we disappeared off the map, although we had both good wheat and low grade wheat, whichever they desired. Now I should like to read a further brief reference:

The fact that Canada's position declined so greatly in the past three years, just when China's imports increased so greatly, has perhaps partly obscured the potential importance of this market. It is worth noting that if Canada had in this latter period maintained the average share which she held from 1922 to 1930 inclusive—

Mark that period, 1922 to 1930 inclusive.

—namely, about fifty per cent—she would have sold to China 750,000 tons or 25,000,000 bushels in 1931, 500,000 tons or 15,000,000 bushels in 1932, and 590,000 tons or 20,000,000 bushels in 1933; and in each of those years China would have been the dominion's second or third greatest wheat market.

That is very significant. Where have all the ministers disappeared to? There must be something important in that return that was brought down to-day. It was represented to us by the government that we could not get a look into that market at all, but I am afraid we have been humbugged by this government on this question, though I do not know why. Were they so busy at home looking after price spreads, mass buying and what not, the natural by-products of high tariffs, that they could not attend to the maintenance of the Chinese wheat market? They did not need much of a periscope to see that we were losing rapidly this oriental market. What we wanted was new wheat markets abroad, but apparently the government were entirely oblivious to the fact that this market was disappearing from under their noses. I continue reading:

As it was, China was Canada's sixth largest wheat market in fiscal year ended March 31, 1933 (the last year for which statistics are available here), being exceeded by the United Kingdom, Belgium, the Netherlands, France and Germany. The figures for fiscal year 1934—

Listen to this.

—will, of course, show a reduced importance, reflecting the fact that Australian and Argentine wheat almost shut out Canada from the market during that period.

And here they are sitting complacently as though everything was well and there were no more markets to be sought or obtained; as though the only thing to do was to reduce exports, which automatically means a reduction in production. And, if the production should keep up, their only resort in addition to these restricted exports under the wheat agreement is to keep the surplus production at home in the granaries. What a wonderful solution for a number of supposedly sane gentlemen familiar with the requirements of the country. That is what has been done. These wheat agreements have been entered into by the three western provinces, and this government has not seen fit to bring them before this house for concurrence. I am satisfied that the Prime Minister is not strongly behind them; I am sure his knowl-

edge of business and of the hunger throughout the world makes this program of lessened exports abhorrent to him. It is a strange thing that the government cannot do better than that, though after much tribulation they were able to work out a marketing bill, the first we have had. In spite of their blundering they have brought about an advance by providing marketing facilities for local requirements, though in my opinion there is going to be great disappointment in this marketing bill unless the government elucidate a little more as to how it is going to affect our wheat sales. It is not going to do very much for wheat under present international agreements. It will help our cattle, I think, but it has its limitations even there unless export markets are secured.

We want access to these markets, any markets, wherever we can make the best bargains in order to dispose of our surplus products. From the government's own figures, if the percentage of total wheat sales to China that existed between 1922 and 1930 had been maintained we would have sold nearly 50,000,000 bushels of wheat more than we did sell. That would have made a big hole in our carry-over. Then, if we had bartered or had sold on long term credits as the United States did we could have sold another fifty million bushels easily, if I know anything about conditions in that country. That would have meant a total of 100,000,000 bushels, practically our entire above normal carry-over by next August.

Mr. SPEAKER: The hon. member has spoken for forty minutes.

Mr. MOTHERWELL: You have been very indulgent, Mr. Speaker, so perhaps you will allow me to say just a word or two in conclusion. Just watch how this act will glide into operation in respect to those commodities and those growers that are ready for it. First there will be the dairy products of the Fraser valley and elsewhere, already organized for years; then the fruit of the Okanagan valley, and then the cattle of the prairies, also organized. With those three well under way the act will be well launched. My only regret is that all hon. members could not have seen it in the same way and so reduced to a minimum the friction that always extends into the highways and byways of the country when a government and an opposition engage in deadly combat over the merits or demerits of such agricultural legislation. Such controversy unfortunately always hampers very much the general acceptance and subsequent administration of the act.

[Mr. Motherwell.]

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, to some extent I find myself in the same position as the hon. member for Melville (Mr. Motherwell). At any rate, on second reading we both started from scratch. We both proclaimed our intention to vote for the second reading, because we believed a principle was involved in the bill, and we hoped that the measure might be amended in committee. I believe both of us took the stand that if it were not amended in the direction we each desired—and we were not a unit on what we wanted—we would feel justified in voting against it on third reading. The hon. member for Melville has since announced his intention of voting for the third reading. I find that two days ago he described the bill, as reported at page 3669 of Hansard, as a "Tory distortion of Liberal principles and contrary to what the farmers asked for" and so on. So I assume that he thinks there have been substantial amendments introduced which would justify his intention of voting for it. With that, of course, I have no complaint, because I have no responsibility for his actions. So far as I am concerned, however, this question arises: Has the bill been changed in any material degree which would require any change of view on my part? In moving the third reading, the Minister of Agriculture (Mr. Weir) went to considerable trouble and into some detail to point out that the changes were immaterial, and entirely a matter of detail. I do not propose to be guided wholly by his advice or by—

Mr. MOTHERWELL: I do not think I advised anybody.

Mr. MACKENZIE KING: He is speaking about the minister.

Mr. MOTHERWELL: Oh, I beg the hon. member's pardon.

Mr. NEILL: I do not intend to follow the advice of the Minister of Agriculture or the somewhat involved reasoning of the hon. member for Melville through which he has arrived at his conclusion. I propose to examine for myself the bill as amended, and to ascertain whether or not the conditions I wished have been obtained.

More than once the Minister of Agriculture asked for cooperation in the handling of this measure. The bill had not been long in committee before he accused hon. members on this side of the house of deliberately obstructing, an action on his part which I think was a mistake. Possibly he may have thought we were obstructing, but I am of the opinion that

much of what he thought was obstruction was really a genuine and desperate attempt to find out what the bill actually meant. There were a great many hon. members on this side of the house—and I was one of them—who had the greatest difficulty in trying to find out what the bill really meant. After having served some considerable time in this House of Commons I must say that I do not think I have ever seen a bill so comparatively short which has been so involved in meaning and reaction, and which appeared to be so difficult of explanation or defence by the hon. gentleman in charge of it.

I believe some justification for the criticism offered by hon. members on this side of the house is to be found in the unusually large number of amendments which were somewhat reluctantly introduced by the minister in charge. Certainly he did not exhibit any disposition to meet the opposition, unless it was a case of absolute necessity. And, with regard to obstruction, I think that if any members or any body of members in this house had been really opposed to the ultimate success of the bill they could not have done better than to let it go through in the form in which it was originally introduced, because, had they done so and simply thrown the responsibility on the government and said, "There is your baby; carry it to its ultimate destination," it would have been the shortest way to effect the death of that unhappy infant. It certainly would not have proved a monument but would be an epitaph on the gravestone of their reputation. However, the fact remains that the opposition did suggest changes, a number of which the minister accepted.

Moving the third reading the minister said he regretted the fact that he could not follow the precedent laid down in Great Britain and in one or two other British countries where somewhat similar legislation has been adopted. Again and again he used the argument, the argument which he used so often in committee—in fact it was an answer to almost every inquiry—that it was necessary to have the bill flexible. If a man is going to climb a mountain as fast as he would like, he does not choose a flexible staff to aid his faltering footsteps, and I am afraid that when the minister comes to defend the bill in the courts of law—as undoubtedly he will have to do, and perhaps before the privy council, because his pride will not allow him to accept defeat in a lower court—I am afraid he will find that his desire to have flexibility in the bill will be but a weak reed upon which to rest.

He has said he cannot support the principles involved in the British legislation. Nobody has asked him to follow the British bill, in detail. But there are certain main principles which apply just as much in one country as in another. The hon. member for Bow River (Mr. Garland) told us yesterday that truth is not eternal. I differ from him, and I say that there are some main principles of common sense which are equally applicable whether they apply to the British Empire, to the United Kingdom or to Canada. I am not talking about the details involved in the different conditions existing as to size and area. But there are certain main principles of what I might term common sense which, I suggest, could most certainly be applied.

Of the changes introduced by the minister, I take it that the principal one is in regard to pooling. The hon. member for Yale in British Columbia (Mr. Stirling), a strong supporter of the bill, speaking in the early stages of the debate, in fact he was one of the first to speak, said that he saw—and he must have seen it with the eye of faith—that there was some provision in the bill for pooling. Certain words he indicated he thought would provide for pooling. But he could not find, nor could I find any lawyer who would undertake to risk his reputation by saying that that was what was really meant, nor could it be inferred. I protested and my protest is indicated at page 2257 of Hansard. Later on an amendment was brought in, but it consisted only of the introduction of one word, "pooling," in the middle of a long and obscure paragraph—so obscure in fact, that it did not appear to be good English, and was hardly intelligible. I pointed out that fact, as did other hon. members, and as a result the minister withdrew the amendment, and now subsection 6 of section 4 gives power to conduct a pool, and that only.

The minister refused to listen to suggestions made by me that he accept, at least in some part, the provisions made in the British legislation, whereby pooled money should be earmarked, how it should be paid out; that certain expenses should be paid, reasonable advances made, and finally that the balance should be paid to those who had supplied the product. He refused to do anything of that kind, an improvement which I think would have made the bill noticeably better.

I come now to some of the features which he refused to correct. I find that in subsection (b) of section 4 provision is made to exempt from any determination or order—and it should not be "determination," because

that is simply superfluous—to exempt from any determination or order any person or class of persons engaged in the production or marketing of the regulated product or any class, variety or grade of such product. I protested strongly against that—and I protest again—that it is absolutely wrong for us to take such action. This is an instance where we could have followed Great Britain. What did Great Britain do? They have said that in their scheme, as it stands, certain small producers would be exempt not from orders to be issued day by day, but from the whole scheme. They do not have to sit up day and night because of their two cows or eight hens, to see if they come under the shadow of the law. They know they are exempt from the scheme, and I suggest that that is the way exemption should be made in this bill. Instead of that the minister insisted—and the minister alone knows why—upon leaving the exemption to be placed on each individual order. Under these schemes orders may be issued once a week or once a day; every man has to sit up nights and wonder whether he is exempt from this order or that order, and the body issuing the order has to exempt him each time. That is an absurd situation. Relief should have been given by exempting him from the whole scheme, thereby avoiding trouble and confusion. There is the suggestion—and I do not charge the minister with it, but subsequent ministers may be charged—that favouritism may be shown, because it would be so fatally easy just to happen to forget to exempt some political exporter friend from one of these orders, and it might mean a small fortune to him. This cannot be done under the British style.

We now come to section 4 (c) which deals with compensation for loss. I do not think that section was improved by the amendment introduced later on. This is one of the features dangled before the poor man in the street who says, "I think this bill is a step in the right direction." He is told, "You see, here it states that if you wish to ship stuff to a market and you are forbidden to ship it, you may be compensated." But the amendment kills it. Of course those people are not told about the amendment which provides that under ordinary circumstances they could not get any compensation at all. If it goes to a country where a quota has been put on and there is reason for the prohibition of export he gets no compensation. There is another clause the wording of which might be used to prevent him being given compensation under any circumstances whatever.

There was no provision made for what I might call the odd producer with a grievance and a proper grievance, because in a scheme like this there are always bound to be injustices, and the British people very properly provided for a board of arbiters to which an individual producer who felt he had been wronged or suffered an injustice could appeal and get satisfaction. There is no reason in the world why we should not have a system like that here. And the same with regard to the protection of the consumer. Britain has two boards; we have none. Does the difference in the shape or area of Britain compared to Canada make it undesirable to protect the consumer here and highly desirable to protect the consumer in Britain?

The same thing about contracts. Business lives by contracts made far ahead, but the minister would not listen to me when I suggested that as in the British act there should be a clause in this bill protecting contracts legally entered into in good faith before the scheme comes into effect. The minister would not even allow the word "forthwith" to be inserted. As the bill now reads, when these schemes are formulated, they must be published in the Gazette. I suggested that they should be published "forthwith" in the Gazette because I know of cases and I could cite them here, but they are known to members of the house, where a nefarious order in council was put through and not published for weeks afterwards. The minister agreed that it would not do any harm, and I got the support of the Minister of Justice to word the amendment correctly, and then the minister used his majority to vote it down. But these are smaller matters.

There are three special features which I consider of major importance, and on which I shall base my decision to vote or not for the third reading They are these: Section 5 subsection 1, says:

> A representative number of persons engaged in the production and marketing or the production or marketing of a natural product—

That is entirely contrary to the British system. The British act does not say anything about marketers. In their scheme it must be the producers. This subsection is open to the widest abuses. The right hon. leader of the opposition yesterday dwelt very fully on that phase of it. He said it was putting into the hands of an occupational group too much arbitrary power to control. He might have gone further and pointed out that under this

section not only might that arbitrary power be used possibly unfairly by the occupational group, but it might be so used by the people who are engaged in the marketing end only of that group. I was willing when the bill was in committee to have the words inserted "production and marketing" to take them both in, but no, the minister insisted upon putting this clause in. It says, and that is what it means, that the control of an industry may be put in the hands of a mere handful of middlemen, wholesalers, brokers, and men of that type who, by a little judicious manipulating of an order, or under section 9, simply with the consent of the minister in charge of the bill, may get complete control of an industry in the hands of half a dozen men who have no more interest in it than that of money-making by handling its produce. You can hunt the British act far and near before you will find authority for anything of that kind.

Next with regard to the taking of a poll, which is provided for in section 5, subsection 3. The minister, after considerable pressure, allowed the introduction of permissive polling, but the British act from beginning to end is full of safeguards and insists that a poll "shall" be taken. It is not left to half a dozen middlemen, nor to the minister to decide under section 9, but it is very fully safeguarded in the British act, so much so that the polling is surrounded with all the safeguards and solemnities, I was going to say, at all events all the formalities that attach to taking a vote at a general election. Just the same care and attention is to be taken in taking a poll of all the people interested in any scheme under the British act. While the minister has recognized the need for the principle by conceding that there "may" be a poll, he leaves it entirely open to the will of the man who happens to be at the head of the department at the moment.

Then we come to section 9. To put it in a sentence, section 9 takes all the powers of all the other sections of this bill together and combines them into one, and gives the whole power to the minister. It means that, and it means nothing less. It even gives the governor in council or the board appointed by the government power, as I brought out by a query in the committee, to buy and sell. They can go into wholesale marketing, and there is no polling about that. The poll is only held out as a little window dressing in these other sections, but is a poll compulsory under section 9? No. Would the spirit of the British people tolerate anything like that for a moment, I wonder?

Those, Mr. Speaker, are three of the worst features of the bill. If they had been amended I would have gone a long way to vote for the bill in spite of other minor objections, but these three are fundamental objections to my mind, and the bill has not been changed, and will not be changed, in these respects.

The minister in introducing the bill said that there were three fundamental principles urgent and necessary for the success of this act, that it should be simple, sound and practical. Simple? Anyone who has tried to wade through this act will know whether it is simple or not. The only sense in which the word simple could be applied to it is that in which my Scotch fellow-members know it is used in Scotland when they say charitably of a poor fellow whose mental progress has been arrested, "Oh well, the poor fellow is simple." In that sense this bill may be called simple.

Sound? It is not sound. Practical? Time will show whether it is practical or not.

I voted for the second reading of the bill with the fond and foolish hope that it would be improved in committee. I did not turn my ears to my friends to my right who were attacking it possibly because they were prejudiced, but rather inclined my ears to my friends to my left and opposite who were supporting it. I was going to listen to them and hear the arguments they advanced. I did listen to them attentively. I have heard or read very carefully practically every one of their speeches, and with possibly one exception, through them all ran the thread of damning and double-damning the bill with the very faintest of praise. Here is a sentence that you find in almost all of them: Well, anyhow it is a step in the right direction. A step in the right direction, and perhaps two in the wrong direction. Is all this trouble and turmoil worth while if we are only going to take one step in the right direction? Anyway, let us take a chance on it, they say. Well, lots of people have got into trouble by taking a chance, and if we are only taking one step in the right direction; if we are going to take a chance anyway, let us fill up the gaps and minimize the risks.

I would like to quote my hon. friend from Red Deer (Mr. Speakman) speaking at page 3968 of Hansard. The hon. gentleman is known to be one of the best speakers in the party to which he belongs, and I always listen with interest to his speeches. They are always carefully prepared and couched in the most appropriate language to make his meaning very clear. I think I can say without

any disrespect—I do not think he will object —that he is also known to be a very loyal and strong supporter of any measure the government brings down. I listened to his remarks very carefully, feeling sure I would get support for the step I was inclined to take. One of his remarks was that it was a step in the right direction, and I have already alluded to that. Then later on he states that the amendments cleared up many points introduced in so vague a manner as to be capable of complete misapprehension and complete misinterpretation. That does not agree with the minister who says that the changes have been immaterial. Then we find the hon. member saying that he does not expect this bill to be a perfect bill. That is quite all right, as none of them are.

He then draws a parallel between the bill and the results which he expects from it and a new born child as compared with a man able to go out and do a day's work in the hayfield. He said that it requires development, the child must grow up. I want it understood that that is his illustration, not mine, but perhaps I may follow it up. Perhaps we might inquire into the origin of this baby. Possibly some beautiful daughter of Pharaoh, disguised as the present Minister of Agriculture (Mr. Weir)—I do not know a more complete disguise which she could assume—wandered down and found this marketing Moses in the bullrushes of Winnipeg North Centre. At least that is a charitable suggestion. If you do not accept that, then I am afraid that I must submit that this is an offspring of illicit relations between, shall we say, high reactionary influences, on the one hand, and thinly disguised communism, on the other. This is a hybrid offspring and those who have studied biology say that where the parents of an offspring are members of races entirely divergent, the offspring seldom makes a desirable citizen. He is apt to have the vices of both races and the virtues of neither. I should like to know who is going to assume responsibility for the suckling of this legislative foundling. Shall we have to wait until it grows up and see what is going to happen then? I suggest that the offspring had better be put in a lethal chamber and the parents sterilized to prevent any more such unfortunate accidents.

The hon. gentleman then states that in his opinion this bill offers some hope. He is a gentleman of ability with the facility of expressing himself. He was determined to find good in this bill but the best he can say of it is that it provides a hope. Have hon. members ever seen a man who has tried to live on hope? I did once and I must say that he was a sorry looking spectacle, he looked like a clothesline in an advanced stage of disintegration. I do not think I would like to live on hope and I should like to see this bill offer something more immediately profitable than hope.

I shall come back to the remarks of my hon. friend later on, but I would like to turn for a moment to the remarks of the hon. member for Bow River (Mr. Garland), which appear on page 3689 of Hansard. I say with absolute sincerity that he is one of the finest speakers in his party. He is a man of almost nation-wide reputation and possesses the facility of expressing himself and making the best out of any situation. I shall quote only a remark here and there as I have not time to do more. He says:

> I am supporting this measure not because it is a particularly good one—there are many weakneses in it—

And again he says:

> I am in favour of the bill, but I still object to certain bureaucratic features which are embodied in section 9.

I thank him for those good words because they show that he realizes along with myself some of the obligations of section 9.

Then again:

> It will be wasteful and will likely lead to a good deal of confusion and conflict later on.

Confusion and conflict in these matters means litigation, and while these things are being threshed out in the courts, the people who are trying to sell tomatoes will be waiting for a decision. Then in his closing remarks he says:

> But we have to take what we can get under existing conditions; a slice of bread is better than no bread.

I suppose under some conditions that is true but if you have paid a high price for a loaf of bread, if the people have been told they are going to get a loaf of bread, is it not our duty, we who are informed, to point out that the public is not going to get the loaf of bread which has been dangled before them but is going to get only a slice? In the opinion of the hon. member for Bow River, a slice of bread is all that we are going to get. I hope we do get a slice but I have my doubts about that. If these were the remarks of some ordinary backbencher they might be considered as mere figures of speech,

but it is a different thing when they are said by someone of the ability of the hon. member. He then concludes by saying:

> For what merit it may have I am willing to accept the bill and shall vote for the third reading.

For what merit it "may" have, notice—may have—he will vote for the bill. Is that the best this bill offers us? I am not a bridge expert but I seem to remember having heard of a partner apologizing for what seemed like a dumb lead by saying, "I am sorry, partner, but I was leading out of weakness."

I should like to return to the remarks of the hon. member for Red Deer (Mr. Speakman), which appear on page 3675 of Hansard. He was asked by the hon. member for South Battleford (Mr. Vallance) whether he thought this bill would bring about the result he hoped for, namely, to raise the price level of the product, say, of the wheat farmer. He replied that he thought it would not, that he doubted whether any action taken by this country could raise the price of wheat very materially above what would be world prices. We find him saying however on the previous page that:

> Assuming that the bill does all that we hope it will do; assuming that we succeed in the coming years in raising prices to a reasonable level—

Mr. VALLANCE: It was that statement which prompted my question.

Mr. NEILL: He does not think it will make any difference. He then said that it would be better to leave wheat out of the control of this board, that he thought it should be dealt with by a separate bill or board. He was speaking as a farmer and for a large body of farmers on the prairies. When we think of farmers in connection with wheat our thoughts swing to the prairies. The expressed opinion of the hon. member was that it would have been better if wheat had been left out of this bill and handled by a separate board or separate bill.

Mr. SPEAKMAN: I am sure the hon. member does not wish to misrepresent what I said. I said that while I believed that wheat should be handled under a separate federal board, so long as we could not have that I thought it wise to have it remain in this bill and under this board.

Mr. NEILL: That is exactly what I said. The hon. member is willing to take the slice of bread which his hon. friend talks about, but he thinks it would have been better to have wheat under a separate board.

Mr. SPEAKMAN: Hear, hear.

Mr. NEILL: He agrees with me. I ask any body of farmers, or any individual member from the prairies who speaks solely from the point of view of the wheat grower and who believes it would be better if wheat were left out of this bill, this question: Have you any right to come to British Columbia and insist that the people in the fish business, the people in the lumber business, the people in the sawmill business, in the shingle business, in reduction plants, in the dairying business, in paper manufacturing and so on, all of whom did not want to be brought under this bill, should be brought under the provisions of the bill? Have they the right to come to British Columbia or to any portion of the dominion and ask that? Is that not logical and is that not a fair question? Should they seek to force someone to take something for which they have not asked and which they do not want when they themselves are not willing to submit to it except as a last resort?

We have heard a good deal about the support which should be given to this bill, but I have not received any letters asking me to vote for the measure. I think much of this so-called support for the bill is due to ignorance of what it really means. Unfortunately we have got into the habit of believing in shibboleths, slogans and headlines. I suppose it is the present unrest and discontent that make us grasp at anything that comes along. We merely look at headlines, taking no time to read what is printed underneath, and so very often we do not know just what is contained under such headlines; we fail to get the meaning. I saw an article the other day in regard to a certain bill—I will not mention the bill; it was not this one at any rate. But under a large headline there was a statement something like this, "Commend Bennett" on a certain measure, and the article went on to say that that legislation had been warmly received by the Saskatchewan and Alberta premiers; that information appeared in smaller headlines. Now what does the man in the street say when he comes across something like that in the newspapers, when he sees that Premier Brownlee is reported as being in favour of certain legislation? That particular piece of legislation, I may say in passing, is all right; but the point is that all such large headlines, like the one to which I am referring—"Commend Bennett", and so on,—do not convey the precise facts. In this particular instance there

appears this statement at the bottom of the article, giving the views of Mr. Brownlee:

So far as I can judge from the press report, I am pleased with the legislation. Until I have had an opportunity of studying its actual working it will be impossible for me to pass a final opinion.

But what do the headlines say? "Glory to God in the highest; we are all for the bill; that is what we want." The man in the street says, in connection with the bill now before us, "I am in favour of this measure; I am all for it." Of course; everybody wants it. But let us first see just what it means. The Minister of National Health has before the house a bill to prevent people from peddling cure-alls for certain fatal diseases like tuberculosis and cancer, without a doctor's prescription, because such a practice is said to be unfair; and a year or two ago he passed a bill to compel anyone selling quack remedies, or even genuine remedies, to put the formula on the bottle so that the purchaser would know, or would be able to have someone tell him, just what the contents were. Well, I wish the government would introduce something like that in connection with legislation, forbidding bills being described as cure-alls, making it compulsory to put the formula on the bottle, so to speak, so that people might know precisely what any particular measure meant, instead of having it dangled before their eyes as a cure-all, and being told that everybody is in favour of it.

I have here a letter from a friend to whom I sent a copy of this bill with a request for his opinion, and the pertinent part of the reply is this:

I have not had time to follow all the changes in the bill but it seems to me to be a step in the right direction. I would have liked to have seen it modelled closely on the British act.

I am afraid he will wait a long time to see it modelled on that act, because he does not realize what the bill really means. When he does—and I will make it my business to inform him—I doubt whether he will go even as far as he does in this letter.

As regards the amendment, I am glad to see it although I do not agree entirely with some of its conditions; but I should certainly like to see the bill referred back to the committee, and there is no reason why the government should not accept that suggestion, because it would not mean their defeat. If the bill were referred back to the committee it is possible that some of the amendments I have suggested would be considered.

As to how I shall vote, I am not ashamed of the vote I cast on the second reading, and I hope not to be ashamed of my attitude towards the third reading. I believe in marketing control; we need it badly, first, for regulating quality of production going overseas, and secondly for regulating quantity. And if the minister had begun as the Minister of Justice suggested quite properly with respect to one of the proposed amendments, there would be no difficulty now. The Minister of Justice suggested in regard to that particular amendment that we should walk before we run, but here we are galloping. If we had begun with exports only there would have been no trouble in relation to jurisdiction to hamper us, and time would have shown us how the scheme worked out. It worked well in New Zealand and probably it would work well with us. But the control should be democratic. If you look at the introduction to the British act, 1931, you will find the statement that the bill is founded on the principle of democratic control. Does anyone suggest that that principle is found here? This bill allows control to pass into the hands of possibly a few marketers or people appointed by politicians, or by government-appointed boards. The scheme will be under the control of men not elected by the producers, not elected by anyone.

I refuse to be cowed by the threat that the people whom I represent want this bill and that I shall therefore find myself in disrepute if I vote against the third reading of it, as I will. Some of the people may have been stampeded with the idea of a cure-all as a marketing bill, but I have studied the measure day and night very carefully and have compared it with both the New Zealand bill and the British act, and surely there is not much wrong or unpatriotic or undemocratic in following the British and the New Zealand way. I cannot see that there is sufficient resemblance between those measures and the bill now before us to justify my voting for the third reading. I may be taking my political future in my hands in making this statement, but that is my duty, what I am sent for, what I am paid for. But, after studying the bill carefully, I am of the opinion that in the long run this bill will prove prejudicial to the producers of the country.

Mr. HENRI BOURASSA (Labelle): On the second reading I stated positively that unless the bill were amended substantially I would vote against the third reading. I have read carefully the amendments that have been proposed by the Minister of Agriculture (Mr. Weir) and most of the speeches made

in committee, and I have no hesitation in concluding, as my deskmate has done, that I must vote against the third reading of this bill.

On the second reading I dwelt only upon two features of this piece of legislation: the constitution of the federal board and the basic principle upon which the local boards were to be established. I adhere to the idea that, whether we like it or not, we must establish some machinery to control the exchange of trade between Canada and foreign countries. In this respect I cannot follow my good old friend from Ontario (Mr. Moore), though I enjoyed immensely the speech he made the other day to the tune of Old Liberalism. A policy of control is imposed upon us by circumstances as they exist the world over, and for that reason I voted for the second reading of the bill. The establishment of a federal board calling for the expenditure of public money could not be introduced in this house except as a government measure. Therefore, in common with other members of the house, I had no choice but to vote for or against the second reading of the bill. But I then expressed my strong opposition to the manner in which it was proposed to constitute the local boards.

Amendments have been brought forward and accepted, the main one being the amendment which enables the government—not forces upon the government but enables the government—to call for a poll, that is, for a vote of the people concerned in each locality where such a local board will be proposed. I have already expressed the view, which I now repeat, that I am not a strong believer in the supreme wisdom of majorities any more than in that of minorities. My opposition to the composition of local boards is not based on the fact that they are either majority or minority boards. I am strongly convinced that, given the conditions that exist in this country, geographical, ethnical and social, if we permit the creation of these small local units in every centre of each province of the dominion, we shall have chaos in matters of production and marketing and in all matters which are supposed to be adjusted by this legislation.

I have compared those local boards with the collective farms in Russia, the Kolkoczi. The more I have studied this legislation and compared it with the establishment of those organizations in Russia, the more I feel I am justified in calling this portion of the bill the sovietic part of it. The hon. member for Regina (Mr. Turnbull), to whom I always listen with pleasure because he has the rare faculty of expressing his thoughts clearly and concisely, said that there was nothing socialistic in this legislation. In a sense that is true because there is nothing so antagonistic to modern socialism, as it is understood and practised in England or in Germany, as communism in Russia. As a matter of fact, after the communists in Russia did away with the old monarchical system, the first obstacle which they removed was that of the moderate socialists. I do not think there can be any doubt that the basic principle of this second part of the bill is that upon which those local bodies have been recognized in Russia. It is the acknowledgment, as the leader of the opposition (Mr. Mackenzie King) has said, that the basis of social and economic conditions is no longer that of population or of community interest but of certain occupations. Tomato growers, poultry raisers, dairy producers form a small combine in a locality; they put up a scheme and they get approval in Ottawa. They immediately become masters of the production, indirectly if you like. I will admit that production is not mentioned here; but the minute they control the manner in which the product will be raised and put on the market, they really control production. What is the use of a man growing tomatoes if he is not allowed to sell them unless he puts himself under the iron-set regulations of the local board approved by the central board? Therefore the board indirectly controls production; it controls marketing and the disposition of the goods that will be produced in each locality controlled by a board. For that reason alone I am staunchly opposed to the bill as it stands. No amendment has been proposed and adopted by the committee to remove that obnoxious feature of the legislation. So much for that.

But the point I want to stress now is one which I left aside altogether on the second reading of this bill; I mean, the last portion of the legislation, clause 12. At least I call it the last portion because it comes before the investigation which is another piece of legislation in itself. As a matter of fact this is a combination of three bills in one. I refer to that clause upon which the leader of the opposition dwelt concerning restriction of imports and exports. I was rather surprised, not to hear because I was not present, but to read the observation made by my excellent young friend the Solicitor General (Mr. Dupré) with regard to this part of the bill. He said that those extraordinary powers

which we are asked to grant to the governor in council enabling it to restrict at its will imports and exports of all the natural products as defined in this legislation—and the scope of natural products involved is very large—cannot be exercised unless upon recommendation by some local board or the federal board. It may appear pretentious on my part to contradict the Solicitor General, who is a distinguished lawyer while I am not; the only title I have is that I am the dean of law students in Canada. I entered the study of law some forty years ago and I quitted it because, as old Paul Playdell said in one of Sir Walter Scott's novels, of the less honourable parts of the profession. Therefore I did not take my degree. But during my twenty-five years of parliamentary life I have acquired some habit of studying statutes. I remember a minister of justice who used to send me bills with this rather queer kind of compliment: "Bourassa, you are no lawyer; you know nothing about the law, but I have some reliance on your common sense and especially your aptitude to tell me what you think. Therefore I will consult you rather than any of my legal advisers." I thereby acquired the habit of construing statutes.

The first thing which strikes one with any experience of legislation is that clause 12 stands by itself without any connection whatever with the rest of the legislation. It reminds one of certain pieces of legislation introduced in the English parliament at a time the House of Lords still exercised its powers. When the Commons wanted the Lords to swallow a piece of legislation they did not like, they tacked it on to a money bill; and the House of Lords, not having power to amend money bills, were obliged to either swallow the whole thing or to reject it wholesale. This looks very much as if the government wanted to get from the house powers similar to those which President Roosevelt secured from congress, and they are trying to get them in this way instead of asking the house for the granting of those powers, a discussable, debatable question. I am not now so much enamoured—perhaps because I am older and the power of love may have decreased in me—as the leader of the opposition is of the goddess of parliamentary liberty. That goddess has been so unfaithful to her worshippers and lovers in the last twenty-five years that in my opinion we must show a little independence toward her; but at the same time I do not believe in deceit; I do not believe in roundabout ways. I may have admiration for a man like Mussolini taking his opponents by the throat, throwing them out of parliament and telling them: "I do not want any opposition, because an opposition is an impediment to efficient government." That is his principle and, I repeat, it is a debatable one. In times of crises there is not the slightest doubt that a good autocrat is preferable to any debating house such as we are; and that many things such as the present Prime Minister has in mind would be better executed if he had no cabinet around him and no house of commons to discuss his views. But I repeat what I said three or four years ago: so long as we have a parliament and form part of it, we must at least have a certain degree of apparent respect for what we are supposed to represent. Being a member of this house I refuse to be stampeded into accepting, under the guise of legislation to regulate the marketing of products, a law which, without any reference to marketing, without any reference to the rights of the producers and consumers or to their interests, individual or collective, grants to the governor in council the power, in any manner, way, shape or form, to restrict the import or export of any natural product, such as it is defined by this legislation. It means a great deal—the foodstuffs derived from natural products, the products of the forests, the products of the fisheries, and so forth. Once this legislation is passed, the governor in council, with or without the advice of its central board, or of any local board, may decide one morning to close the door to the importation of Russian coal as it did, for what purpose I do not know, but the result was the commencement of the most damnable monopoly which now exists in the Dominion of Canada. It may order to-morrow the hon. member for Sherbrooke (Mr. Howard) or the hon. member for Beauce (Mr. Lacroix) or anyone concerned in the lumbering trade, that he has no right to ship lumber to the United States; that in order to favour imperial policies he must sell it in London at whatever price he can get. All that can be done by order in council under clause 12 without any reference to the opinion of any local board or of the central board. How could my good friend the Solicitor General say that those powers cannot be exercised unless upon the advice of a board? Clause 12 is quite clear; it states:

> The governor in council may by order or regulation, notice whereof shall be published forthwith in the Canada Gazette—
>
> (a) regulate or restrict the importation into Canada of any natural product which enters Canada in competition with a regulated product;
>
> (b) regulate or restrict the exportation from Canada of any natural product;

And so on. I refer only to those two subclauses. What is the title of this bill?

An act to improve the methods and practices of marketing of natural products in Canada and in export trade, and to make further provision in connection therewith.

That does not contain the slightest indication that there will be any restriction on imports and exports. In all the clauses dealing with the composition of the federal and local boards and the powers assigned to them there is not the slightest indication with regard to imports. Then, under one single clause which stands by itself, granting extraordinary powers to the governor in council without relation to the rest of the law, to the powers of the central board or the requests of the local boards, the governor in council is authorized to do whatever it likes in matters of import and export. It may establish new tariffs. It may suppress certain commodities. It may establish quotas. To-morrow it may tell the apple growers of Nova Scotia: "This year you will not send a barrel of apples to England, because we want to favour British Columbia." It may tell the cheesemakers of Quebec that Ontario must have a chance, and that no Quebec cheese may be sent to England until Ontario has disposed of its product. I do not say it will do that sort of thing, but I say this legislation authorizes the governor in council to do anything it pleases, either by way of tariffs or by most arbitrary restrictions with regard to imports and exports. It may upset the whole trade of the country without any indication of the will of parliament or the desire or interest of the people for whose benefit this legislation is supposed to be adopted.

Mr. RALSTON: And the producers may be fined or imprisoned if they do not obey the regulations.

Mr. BOURASSA: I leave that aside. I want to impress those who take the trouble to read my few remarks with the bearing of this one clause.

Now connect this with the extraordinary powers we have granted the government under the guise of peace, order and good government. Take those two laws together, and if thereby and thereunder you have not the amplest form of fascism that can exist, I want to know where it can be found.

In this bill you have this extraordinary feature of a moderate form of state socialism in the first part, which I think is a necessity. You have a disguised form of sovietism in the second part, and you have a most striking form of fascism in the third part. That is too much for me to swallow at once. I can stand a good deal. I have been taken to task by some virtuous people in my province for having expressed myself as prepared to stand a good deal of socialism, not as a doctrine but as a necessity. For example, I stand the extremely socialist law enacted by the Quebec government in the matter of sale of liquor. That is state socialism, pure and simple. I have submitted under protest to the so-called assistance law of the Quebec government, which is socialized charity. I do not approve of that, but we have it. I am amused when my good liberal friends stand so strongly against socialism here, though they go through the rural districts of Quebec praising Mr. Taschereau and his government for their kindness to the poor since they adopted the most socialistic law with regard to the sustenance of charitable institutions. So, as I say, I am prepared to stand a good deal but I am not prepared to stand sovietism in any shape or form. That is what I denounced on the second reading; that is what I still denounce. No remedy has been proposed; nothing has been done to correct it. I denounce it not only because of the obnoxious principle at the base of that portion of the law; I denounce it in the interests of the small people, the small producers and especially the consumers.

In that regard I agree entirely with the right hon. leader of the opposition, and I support his amendment which states that nothing has been done and something should be done to protect the consumer. I am also concerned about the fate of the numerous producers who will be dominated by these local boards whether, as I repeat for the third or fourth time, they are majority or minority boards; that does not concern me for the present. I am concerned about the liberty of action of the producers in the cultivation of their land for the production of whatever they think it can produce, which they know far better than any board in Ottawa or even any local board can know. I object to any group of individuals engaged in raising poultry or in producing tomatoes or potatoes imposing their manner of cultivation and their system of production upon people who may have good reason for producing something else in a different way

My reason for supporting the second reading of this bill was my feeling that a body should be created to direct the economic activities of our farmers, to make them understand that if they produce too much of one commodity the price will fall, and that they should produce something else or some other quality of fruit, of vegetables or of

live stock. But I object to a local board more than I object to a federal board imposing its ways upon its neighbours or upon any minority in any locality. We must tell the whole truth. In this country there is less social spirit and public spirit than in the old countries, where traditions have been established, where for years people have been forced, so to speak, to be considerate of each other. In all new countries, but especially in the United States and Canada, the prevailing law of economics is the law of selfishness, the law of getting all the money you can by any means you can. The moment you permit small groups of individuals all through the land to impose their views, to protect their selfish interests, they will impose them in such a way that not only will they antagonize the minority; not only will they impose upon the public sacrifices which they find hard enough to make to-day in being forced to pay twice as much as they should for what they buy; at the same time this will upset the economic life of this country under the pretence of organizing it.

The Minister of Agriculture is a right thinking man; I believe he wants to do the right thing, but I am afraid he has listened to too much advice of various kinds. In times of trouble and crisis all sorts of quack doctors rise up, in universities, in farm districts and in labour organizations. Each has his own remedy, and they come to the government. When governments give way and take a little of the medicine of each they are apt to compound a mixture that will poison the whole body, politic and social. It would have been better to start humbly; but unfortunately, as one great French writer has said, we have lost the sense of the great political virtue of humility. Every one imagines he is bound to be a big man, to produce big things all of a sudden, with a big piece of law which will cure all. I am afraid that is the wrong way. For a number of years we have been going down hill. For at least twenty-five years back we have gone crazy,—and in that statement I do not except myself, because, as an old friend of mine, a specialist in mental diseases, once said to me, "You know, we have certain theories; we put a certain number of people in asylums because we believe they are suffering from this or that kind of mental disease, but, to be perfectly truthful I believe everyone is crazy; it is only a question of degree and manner. I know that every day in business and social circles I meet people who are far more crazy than those people in the asylum of which I am superintendent."

[Mr. Bourassa.]

I am afraid that for the last twenty-five years, and especially in economic methods, we have all gone crazy. We have built up everything on credit, indebtedness, extravagance, legislation,—laws, laws, laws, laws—without reflection before they have been passed, without seriousness when they are applied, and without any moral sanction to get the people to agree to their application. What is the use of passing laws which are inapplicable? I am sure the Minister of Agriculture, and I am still more sure—because I know him better—the Prime Minister knows that this law cannot be applied as it is. He knows that if it were applied as it is, or rather if in its application there was an endeavour to meet all the requirements and exigencies of the people who have asked for it, it would simply upset the whole economic life of this country. It would raise community against community, class against class, country against city, and advance the progress of social or economic revolution far more than the extremest revolutionary party could do; they would do it by bad legislation and by improper administration.

For these reasons, Mr. Speaker, I vote heartily for the amendment moved by the right hon. leader of the opposition, and still more heartily against the third reading of the bill.

Some hon. MEMBERS: Question.

The house divided on the amendment (Mr. Mackenzie King) which was negatived on the following division:

YEAS

Messrs:

Ahearn	Hanson (Skeena)
Beaubien	Howden
Boucher	Jacobs
Boulanger	King, Mackenzie
Bourassa	Mackenzie (Vancouver Centre)
Bradette	McKenzie (Assiniboia)
Brown	McPhee
Butcher	Mercier (St. Henri)
Cardin	Moore (Ontario)
Casgrain	Neill
Chevrier	Parent
Denis	Perras
Desrochers	Ralston
Duff	Raymond
Dumaine	Reid
Dupuis	Rinfret
Elliott	Séguin
Euler	Taylor
Fiset, Sir Eugène	Totzke
Fontaine	Veniot
Fraser (Northumberland, O.)	Weir (Macdonald)—44.
Girouard	
Golding	

NAYS

Messrs:

Anderson (Toronto-High Park)	Macphail, Miss
Arsenault	McDade
Arthurs	McGillis
Barber	McLure
Baribeau	Manion
Beaubier	Matthews
Bell (Hamilton West)	Mitchell
Bell (St. Antoine)	Morand
Bennett	Mullins
Beynon	Myers
Bowen	Nicholson
Bowman	Peck
Burns	Pickel
Bury	Plunkett
Cahan	Price
Cantley	Quinn
Carmichael	Rhodes
Chaplin	Robinson
Coote	Rogers
Cowan (Long Lake)	Ryerson
Davies	Sauvé
Dickie	Shaver
Duguay	Simpson (Simcoe North)
Duranleau	Simpson (Algoma West)
Edwards	Smith (Victoria-Carleton)
Ernst	Smith (Cumberland)
Fraser (Cariboo)	Speakman
Gagnon	Spence
Gardiner	Spencer
Garland (Bow River)	Sproule
Gobeil	Stanley
Gordon	Stewart (Leeds)
Hackett	Stewart (Lethbridge)
Hanson (York-Sunbury)	Stirling
Harris	Stitt (Nelson)
Hay	Stitt (Selkirk)
Heaps	Sutherland
Irvine	Swanston
Kennedy (Peace River)	Tétreault
Laflèche	Thompson (Lanark)
Laurin	Turnbull
Lucas	Weese
Luchkovich	Weir (Melfort)
Macdonald (Kings)	White (Mount Royal)
MacInnis	Willis
MacLaren	Wright—93.
MacMillan (Saskatoon)	

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton)	Factor
Baker	Bertrand
Barrette	Rhéaume
Bell (St. John)	Dubois
Black (Halifax)	Dubuc
Bourgeois	Deslauriers
Boyes	Hepburn
Casselman	Howard
Charters	Blair
Cotnam	Hurtubise
Cowan (Port Arthur)	Ilsley
Dorion	Verville
Dupré	Ferland
Embury	Bothwell
Esling	Hanbury
Fortin	Fafard
Ganong	Michaud
Garland (Carleton)	Goulet
Geary	Mercier (Laurier-Outremont)
Gott	Rutherford
Guthrie	Lapointe
Johnstone	Donnelly
Jones	MacLean
Kennedy (Winnipeg)	McIntosh
Larue	Thauvette
Lawson	Gray
MacDonald (Cape Breton)	Urquhart
MacNicol	Rennie
McGibbon	Power
McGregor	Fournier
Maloney	Young
Murphy	Stewart (Edmonton)
Perley (Qu'Appelle)	Munn
Perley, Sir George	Marcil
Pettit	Bouchard
Ross	Roberge
Rowe	Lacroix
Senn	Sanderson
Short	Heenan
Smoke	Pouliot
Spotton	MacMillan (Mackenzie)
Stevens	Malcolm
Stinson	Hall
Sullivan	Brasset
Thompson (Simcoe)	Jean
Tummon	St-Père
White (London)	Gershaw
Wilson	Vallance.

Mr. MURPHY: I was paired with the hon. member for West Edmonton (Mr. Stewart). Had I voted I would have voted against the amendment.

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

Mr. WHITE (London): I was paired with the hon. member for Medicine Hat (Mr. Gershaw). Had I voted, I would have voted against the amendment.

Mr. RENNIE: I was paired with the hon. member for Toronto Northwest (Mr. MacNicol). Had I voted, I would have voted for the amendment.

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

Mr. YOUNG: I was paired with the hon. member for South Renfrew (Mr. Maloney). Had I voted, I would have voted for the amendment.

Mr. McGIBBON: I was paired with the hon. member for Quebec South (Mr. Power). Had I voted, I would have voted against the amendment.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted, I would have voted for the amendment.

Mr. HANBURY: I was paired with the hon. member for West Kootenay (Mr. Esling). Had I voted, I would have voted for the amendment.

Mr. BOYES: I was paired with the hon. member for West Elgin (Mr. Hepburn). Had I voted, I would have voted against the amendment.

Mr. THOMPSON (Simcoe): I was paired with the hon. member for Maisonneuve (Mr. Jean). Had I voted I would have voted against the amendment.

Mr. GARLAND (Carleton): I was paired with the hon. member for Russell (Mr. Goulet). Had I voted, I would have voted against the amendment.

Mr. SMOKE: I was paired with the hon. member for Temiscouata (Mr. Pouliot). Had I voted, I would have voted against the amendment.

Mr. SANDERSON: I was paired with the hon. member for Haldimand (Mr. Senn). Had I voted I would have voted for the amendment.

Mr. BOTHWELL: I was paired with the hon. member for Hastings-Peterborough (Mr. Embury). Had I voted I would have voted for the amendment.

Mr. MUNN: I was paired with the hon. member for Qu'Appelle (Mr. Perley). Had I voted I would have voted for the amendment.

Mr. HOWARD: I was paired with the hon. member for Grenville-Dundas (Mr. Casselman). Had I voted I would have voted for the amendment.

Mr. HALL: I was paired with the hon. member for Victoria, Ontario (Mr. Stinson). Had I voted I would have voted for the amendment.

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

Mr. LARUE (Translation): I was paired with the hon. member for Vaudreuil-Soulanges (Mr. Thauvette). Had I voted I would have voted against the amendment.

Mr. LACROIX (Translation): I was paired with the hon. member for Dufferin-Simcoe (Mr. Rowe). Had I voted I would have voted for the amendment.

[Mr. McGibbon.]

Mr. ROBERGE (Translation): I was paired with the hon. member for Kingston (Mr. Ross). Had I voted I would have voted for the amendment.

Mr. DUBOIS (Translation): I was paired with the hon. member for St. John-Albert (Mr. Bell). Had I voted I would have voted for the amendment.

Mr. DESLAURIERS (Translation): I was paired with the hon. member for Three Rivers (Mr. Bourgeois). Had I voted I would have voted for the amendment.

Mr. RHEAUME (Translation): I was paired with the hon. member for Berthier-Maskinongé (Mr. Barrette). Had I voted I would have voted for the amendment.

Mr. FOURNIER (Translation): I was paired with the hon. member for South York (Mr. McGregor). Had I voted I would have voted for the amendment.

Mr. MICHAUD (Translation): I was paired with the hon. member for Charlotte (Mr. Ganong). Had I voted I would have voted for the amendment.

Mr. DUBUC (Translation): I was paired with the hon. member for Halifax (Mr. Black). Had I voted I would have voted for the amendment.

Mr. ST-PERE (Translation): I was paired with the hon. member for South Hastings (Mr. Tummon). Had I voted I would have voted for the amendment.

Mr. BOUCHARD (Translation): I was paired with the hon. member for Welland (Mr. Pettit). Had I voted I would have voted for the amendment.

Mr. FAFARD (Translation): I was paired with the hon. member for Levis (Mr. Fortin). Had I voted I would have voted for the amendment.

Mr. SPEAKER: The question is on the main motion.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, that the debate upon this measure should have taken a very considerable length of time is not surprising. That it should have generated some heat without much light is somewhat amazing, and that it should have wandered over many fields of discussion is not strange for the motion now before the house is for the third reading of the so called marketing bill.

Some hon. MEMBERS: So called!

Mr. BENNETT: It is somewhat interesting to realize that it was so called by the hon. gentlemen opposite yesterday. Their recognition of its real value is something that should not pass without comment.

I think perhaps the most interesting thing that has developed during the debate of yesterday and to-day and the day before is the difference of opinion between those who united unsuccessfully to vote for the amendment that has just been negatived.

The veteran former Minister of Agriculture (Mr. Motherwell) has expressed himself in that firm and determined manner that has characterized his life's conduct in matters political. He has always had strong convictions and expressed them with a fervour and determination worthy of his race. I have heard him cheered and cheered and cheered by hon. gentlemen opposite, but there was a rare silence yesterday when he was concluding his observations. Whether or not that marked his colleagues' disapproval of his observations I cannot say.

Then there was the member for Quebec East, the former Minister of Justice (Mr. Lapointe). When you compare his attitude towards this bill with that of many other members who have spoken from his side, you have a very great cleavage of opinion. Then when you compare the speech of the hon. member for Ontario (Mr. Moore) with that of some of those who have spoken you begin to realize that after all there still remains in this house some vestige of the opinion that was held during the early Victorian days.

The laissez faire doctrines have not disappeared entirely. There are those who believe that the only way in which progress can be made is to watch the procession pass by but there are also those who believe that changed times and changed conditions must be met with new policies. Fortunately, the Conservative party belongs to the latter class.

An hon. MEMBER: That is new.

Mr. BENNETT: I should judge that in the mind of the hon. gentleman anything would be new. The fact is that we still believe in the truth of that statement made by Tennyson:

> That man's the true Conservative
> Who lops the moulder'd branch away.

We offer no apology for standing where we do with respect to a matter of this kind. I was somewhat amazed in following the very excellent historical review made yesterday by the right hon. leader of the opposition (Mr. Mackenzie King), when he was dealing with certain phases of economic history, that he should not have observed that we have here in these days—I remind the hon. member for Ontario (Mr. Moore)—a situation not unlike that which prevailed in England in the early days of Queen Victoria's reign, in fact up until the middle of the nineteenth century. The laissez faire doctrine developed to a point never before reached. It was declared that contracts were sacred and that governments must not interfere with business, that the father could rent the services of his child at the age of six and that he should work until he was twelve. We find factories where girls and boys of five, six, seven, eight and nine years of age were working.

If those who are interested will take the trouble to look up the Register for 1847 they will find the history of that bill which was introduced in the English House of Commons by Mr. Fielden and supported by Lord Ashley, afterwards Lord Shaftesbury. They will then realize the extent to which under the development of that doctrine business could not be touched by legislation. They will see the extent to which child labour was exploited, that contracts must be maintained and there should be no interference or regulation of the business world. If hon. members of this house are interested they can look this up as I shall not take the time this afternoon to read the rather interesting developments of that doctrine. One must not change the hours of labour from the twelve hours contracted for alike by father and child. They will find how the suggestion that these hours should be reduced to eleven hours per day met with disapproval. They will find how the suggestion that they should be reduced to ten hours met with strong opposition on the ground that it would reduce the productive power of the factories by twenty-five per cent. These things are matters of history.

There were those who felt that the laissez faire doctrine had been carried to extremes in the early part of the nineteenth century. Mr. Fielden from Lancashire compared the death rate of children between one and ten years in Manchester with those in London. Just why there has been interference with that doctrine was admirably presented yesterday by the hon. member for Ontario. We can realize that interference by legislatures and by parliaments has been in the interests of the state itself, its people, its population and the lives of the people. Interference has been against child labour, against long hours of labour. The endeavour has been to secure conditions for those who labour which will enable them to have at least a little leisure. Within my memory there stood in this house an hon. gentleman who came from the old county of Northumberland in England and who recalled the times of the election of John Morley in Newcastle.

Morley declared that any interference with the hours of labour was contrary to the

doctrine of his party, that laissez faire meant that there should be no interference by the state with respect to contractual obligations entered into by citizens. That is the doctrine which is preached to-day in this house. It is the doctrine which was preached yesterday by the hon. member for Ontario but neither he nor the leader of the opposition dared say in this house that he did not believe the state should interfere in the regulation of business with respect to hours of labour, with respect to factory conditions, with respect to child labour and with respect to health and sanitation. Certainly, business must be interfered with and regulated, there must be interference by the state on behalf of those who unless they can speak collectively cannot care for themselves.

We now have the application to agriculture of that same principle which they dare not disapprove and those who are unable to organize themselves even as the trade unions have organized in Great Britain. When such legislation is presented, we are told that it is despotic and that it means tyrannical interference with the rights of the people of this country to do as they please. There is a time in the history of every country when voices have arisen. Let me remind this house of the circumstances under which the state in Great Britain regulated the hours of labour and so on. It will be recalled that Mr. Fielden, a distinguished manufacturer from Lancashire, and Lord Ashley found it difficult to interest the great masses of the people who had been brought up on the doctrine of laissez faire to take any action with respect to these matters. Year in and year out Samuel Plimsoll demanded that the load mark should be placed upon ships but he met with powerful opposition from the shipowners. But he was persistent and insistent and in the end every ship that leaves an English port must bear upon her side the Plimsoll mark, an eternal memorial to the persistency of one man for his cause. Because of the impotency of individuals and their inability to bring about the reforms they desired, we finally had the creation of the great trade unions in Great Britain. Who were their opponents? The exponents of laissez-faire. Their opponents said: We will not tolerate this, these institutions must not be permitted to say how contracts shall be made, what the hours of labour shall be and what shall be the conditions under which men and women work. But the trade unions triumphed. Why? Because the rights of humanity prevailed over the rights of dividends. In the ultimate analysis that will be found to be the real reason and nothing else.

[Mr. Bennett.]

Can agriculture organize? Yesterday and to-day the veteran former Minister of Agriculture (Mr. Motherwell) gave the long story of the efforts of agriculture towards organization. He told the story of the granges and the patrons of industry, he told of the struggles for organization on the part of agriculture and of the failures brought about by certain circumstances. I realize that their position is not that of the trade unionists. They have not the voice which the trade unions have to make themselves effective in the constituencies in order that laissez faire may not prevail against them. The time has come when the natural products of this country shall be marketed under conditions which will ensure to those who produce them some measure of return for their efforts, a measure of return relative to that which the trade unions have been able to secure by organization for those whom they represent.

There you have the analogy. If any of you desire to take the trouble to read carefully the economic history of the period to which I have referred you will find the continued opposition that was made against this combination of effort, this desire to organize for the purpose I have mentioned. If any of you are interested, I suggest that you take the trouble to secure in yonder library one of these volumes and read it. To-day you have the parallel in this house. All those who have consistently followed the doctrine of laissez faire, as the right hon. gentleman opposite, the hon. member for Ontario, and others do, are banded together against this legislation. Just as in the days of the trade union effort all those who held that property rights and the rights of contract must be supreme over every other consideration in the world, were banded together for that purpose, so to-day, to the left of the Speaker, with one or two exceptions we find banded together those who say, "Let well enough alone. Let there be no interference with business or with the right of contract; let there be no interference to improve the conditions under which the farmer shall market his products; let there be no interference by the state, by legislation, to ensure for him a larger part of the consumer's dollar; let us blind the issue by talking about the rights of consumers, about the constitutional history of the past; let us call up Magna Charta so that we may remember what John did at Runnymede; let us concern ourselves with all these things, but let us ensure that the end sought here shall not be attained."

That is the story. It is just as it was in the middle of the nineteenth century—the sacred rights of contract and of property, the sacred rights of those who must be permitted to maintain the foreign trade of England. I was reading the other day one of the speeches of this sort insisting upon the maintenance of that condition at any cost. Was it to cut down the hours of labour? No, but to maintain foreign trade. To improve the condition of the agrarian, to assist him in marketing his products, to provide for a co-operative effort on the part of local communities, created by themselves, and assisted by the state? No; that must not be. Let us maintain the doctrines of the past—that is the attitude. Let us remember the sacred name of Morley, nor let us forget Hume; so that by and by, if we are long enough at it, we shall drift back to the days of the barons at Runnymede.

Now I do challenge one observation among others made by the right hon. gentleman yesterday. He asserted that the world is the same to-day as it was in days gone by; that there is nothing new under the sun; that the great conflict of the ages has made no great structural change; but that, if you look at the end of the reign of George IV, you will find a fitting similarity to the conditions that exist to-day.

I have too much respect for the intellectual powers of the right hon. gentleman to believe for a single moment that he had given any thought to that statement before he made it. Just think of the conditions through which the world has passed. Why is it that the world will never again be as it was before 1914? Not the youngest man in this house, not the youngest page here will ever see a return to the conditions that existed before 1914. Why? It is so obvious that it is hardly necessary to state the reason. First of all, not merely thousands and hundreds of thousands but millions of the finest lives in all the world have gone out for the cause of war, not in one part of the world but practically in every part. Secondly, on the purely material side, the debts that have been incurred on so vast a scale were incurred not for the construction of productive and useful undertakings but in the destruction of the very things which were bought with the money that paid for them. In cotton, in powder, in explosives, in everything that goes to the maintenance of war, millions and hundreds of millions, nay, thousands of millions were destroyed, and as a result there was no productive return for the money thus expended. But it did not end there. At the close of the war there was this condition —and I commend the thought to this house.

The figures produced by the Secretary of Agriculture for the United States indicate that at the end of the war the combatant nations had reduced by fifty million acres the land which they had had under cultivation —fifty million acres. Why? Because, unlike the Napoleonic wars, unlike the wars in which the armies of Wellington and of Marlborough participated, the belligerents did not look to the communities through which they passed to provide them with food. The food came from overseas, from remote parts of the world. Transports were carrying food, meat, flour, grain, from the remotest parts of the world during the war, and what happened? Fifty million acres of land, in the warring countries, went out of cultivation. In the United States alone, forty million acres were put under cultivation during the war—forty million acres that had not previously been cultivated—to meet the wants of those who were warring, and who had abandoned fifty million acres of farm land. And what was the position in Canada? Between the outbreak of the war and the end there were put under cultivation in this country over twenty million more acres. The result was that there were over sixty million additional acres under cultivation in Canada and the United States between the outbreak of hostilities and the end and shortly thereafter, to provide food, to provide the various requirements of the people who had abandoned lands because compulsory service had made it necessary for them to fight.

With peace, what happened? With peace there was an effort to bring back a return of pre-war conditions. Those who survived went back to their farms and endeavoured to till the soil and to produce. In this country we did not at once abandon the increased acreage but continued to maintain it, as they did in the United States, and in the end there occurred what was inevitable. To the extent to which those who had abandoned their farms to engage in the conflict went back and brought those farms once more into production, to that extent they were supplying wants that had been supplied by Canada and the United States, and this rendered it impossible for those engaged in similar occupations in Canada and the United States to find a market for their products.

Does anyone suggest that such a situation has ever existed in the world before? What brought it about? Compare the end of George's reign with what happened at the close of the last war. At the end of George's reign steam as a motive power was unknown;

electricity was not heard of for commercial purposes; the internal combustion engine was yet a dream in the mind of an inventor not yet born. That is the position. All these changes came into being, and you can no more compare the conditions that existed at the end of George's reign with the conditions that existed at the close of the last war than you can compare the conditions, of which we have any record at all, that existed in the glacial age with present conditions.

Under these circumstances, what is the duty and function of government?

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: It may be a joke to some hon. gentlemen but there are agriculturists who do not think it a joke. It well might be that the hon. member for South Perth (Mr. Sanderson), who is so agitated by the loss of a market by importation of flour from abroad, will treat it as a joke. But the people concerned do not so regard it.

Let us see what the position was. I have indicated in a few sentences the effect so far as agriculture is concerned. With respect to industry, what is the situation? The hon. member for Ontario yesterday briefly touched upon it. There was an abandonment also of all industrial activities except those that were related to war. Coal was produced so that T.N.T. might be supplied; cotton was produced so that there might be high explosives and so on right down, and the factories, the industrial life of the communities that were at war, were engaged in the manner I have indicated, the industries being developed to the highest point of production for war purposes, for instance, chemical gases and commodities of that sort.

At the end of the war the readjustment period began. As I have dealt with this once in the house I shall not repeat. The readjustment period with respect to industry we passed through, but as regards agriculture the condition was far different; there is no condition comparable with it. Here were men upon the farms that they had created for the purpose of supplying the deficits in food in the warring countries, and the warring countries were now supplying their own food by the toil of the men who had left the colours for the purpose of going back to their farms; that was the situation. Under those circumstances, what have governments done? The other day I pointed out in the house that France had taken immediate action for two reasons: she did not desire to pay $3 or $2.50 for wheat; she did not desire to be held up, as she regarded it, to ransom as long as she could cultivate her soil and supply her cereal wants. In addition to that she was not prepared to take the risk, if once more engaged in war, of the destruction of wheat transports by submarines and other methods such as torpedoes and mines. What did she do? Someone has referred to her policy as one of intense nationalism. What she did was to declare that she proposed to the extent of the ability of her people to make herself in food self-sustaining. In Italy, Germany and other European countries similar conditions prevailed and to the exent that they prevailed, there was a lessening of the markets which had been created for us by reason of the war in those countries during the war.

Faced with that condition here we have Canada in which about half the population is engaged in tilling the soil, and there again the right hon. gentleman and I would disagree. At the end of the reign of George IV you had the agricultural population, the yeoman of England, the country squires, the parliament that was one of landed interests only and you had in addition a certain measure of, shall I say, cooperative harmony in Great Britain between those who tilled the soil and those who owned it. In this country the major part of the population for many years after confederation was on the soil; it tilled the soil; but the great mechanization of the world that took place through the inventive genius of man affecting the whole attitude of mankind toward production in agriculture, sent into the cities and towns great masses of the people and left on the countryside smaller and smaller numbers of them. In a most interesting book written recently, Mr. A. G. Street, who came out to western Canada and lived in Manitoba, points out the great differences that have arisen in England in connection with that matter during the last fifty years. The countryside was once dotted with thriving farms. Now you have black chimneys and factories everywhere. That condition to a similar extent exists in Canada. For the first time the last census indicates that in this country more than one-half of the population is in the cities and towns, leaving less than one-half of the population inhabiting the farms and working and tilling the soil.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. BENNETT: Mr. Speaker, when the house rose at six o'clock I had concluded pointing out some of the reasons why, in my opinion, the extraordinary change of conditions which had been brought about by the great war necessitated legislative action being taken at least to afford to the agriculturists the same opportunity that was afforded to those who, in some ways, had been perhaps more fortunate in their association with industry.

I was much taken with the provisions made by various countries when they came to deal with the marketing of products, with the surplus of agricultural production as well as of industrial production. Each community and nation endeavoured to supply itself with its material wants, and most of them enacted some form of legislation providing for the marketing of their products in an orderly and planned manner. Perhaps among the nations that dealt last with the problem was Japan, and I was much taken with the English translation of a few words in the Japanese act:

A law concerning the adjustment of trade and the safeguarding of commerce.

It was promulgated on April 7 and became effective as from May 1, 1934, and these words are worthy of consideration by this parliament. The spokesman of the foreign office said:

Promulgation of this law has been made necessary because there is a growing tendency in other countries to ignore the fundamental economic principle of ministering to one another's wants and promoting through their cooperative efforts the progress and prosperity of mankind—all of which are being reflected in their attempts to suppress importation of foreign goods by means of high tariffs, restriction of imports, etc., and particularly because there seems to be an increasing number of countries which are setting up barriers against Japan's export trade.

He concludes with these words:

Of course, Japan has no intention to take any step that is likely to increase the present difficulties of the world. Rather, she hopes there will be no occasion requiring an actual operation of this law.

The empire of Japan, in dealing with the problems incident to the conditions to which I have referred, enacted the law I have just mentioned. We in this country, finding ourselves confronted with like conditions, world conditions over which we had no control and which were not within our jurisdiction to control, had to take some action to avoid the possibility of absolute destruction. It is not as though this were a new principle so far as the provinces are concerned. I do not think there are many provinces in this confederation—there may be a few—in which an effort has not been made, aided by the legislature, to enable the agriculturist to market his products under more satisfactory terms and conditions than are involved in merely sending them to market without regard to conditions. British Columbia has had a marketing act for many years.

I saw the wheat pool founded in Alberta, when Mr. Aaron Sapiro came to Calgary and, after meeting with those interested in the production of grain, finally induced them to believe that this would be a useful thing to do. They drew up an agreement, which was subsequently ratified by the legislature, and in my professional capacity I was asked to advise upon it, so I saw the foundation of the movement. I still think that no wheat pool has been operated more reasonably and more beneficially with regard to the people concerned than the pool in Alberta. Pools were formed also in Saskatchewan and in Manitoba. It well may be that when, without adequate experience, they endeavoured to project their idea into the world market without, as I say, having a full understanding of what was involved, they met with a measure of disaster, but that does not in any sense militate against the soundness of what they were endeavouring to do. They were opposed by the great interests; they were opposed by many others, but they maintained their position, and I heard the foremost banker of that time in Canada say that it had done more to enable the western farmer to care for his obligations and deal with his economic life in an orderly manner than any other single thing to which reference could be made.

The ex-Minister of Agriculture (Mr. Motherwell) has referred to the efforts that were made in the eastern provinces. For constitutional reasons, at every turn and in every instance there was, of course, a limitation imposed upon their powers. No province could create a pool or make provision for cooperative marketing that gave jurisdiction or power beyond the territorial limits of the province in question. Questions of contracts and sales and matters of that kind were dealt with as property and civil rights, but when you went beyond the boundaries of the province and had to deal with communities beyond those boundaries, whether interprovincially or internationally, of course you were subject to the play of forces which were not under the control of provincial legislatures.

Hence it was that they sought and, in some instances, by arrangement between themselves, exercised jurisdiction and power which otherwise they could not have obtained except by agreement with the dominion.

With that set of facts before us; with the economic conditions prevailing that I have mentioned; with the efforts and experiments in British Columbia with respect to fruit, apples, milk, potatoes and so on, what were we to do? I noticed in the press to-day that they allege that $300,000 has been lost to the growers of potatoes because this act could not be put in force in the province of British Columbia by reason of the delays that have occurred. In British Columbia, Alberta, Saskatchewan, Manitoba and some of the eastern provinces, within the limits imposed by the constitution, pools, or, if you like, associations or organizations having for their purpose the grouping together of individuals for the purpose of selling their products, have been in operation for years. But when the economic conditions that now prevail in this world are faced and you have to consider how you can best serve the interests of at least one-half of our population, and far more than half if you consider the production of new wealth from year to year, how is it to be dealt with?

I have been vastly amused and interested to observe the operation of the minds of hon. gentlemen opposite. First there was complete and absolute opposition to a marketing bill. Then followed a long, protracted struggle in which some of the less prominent supporters asserted that their suggestions had been accepted as amendments and that the bill offered for third reading was not the bill offered for second reading. But alas and alack; think of what has happened. The leader of the opposition (Mr. Mackenzie King) has deprived his followers of the opportunity of saying that they have made a new bill, for he has now pronounced his opposition to the bill which emerged from the committee with the amendments attached. So the principle of the marketing bill, opposed as it was on the second reading, is now to be opposed, we are told, on the third reading. In view of my knowledge of the political history of this country in 1925 and 1926 I never expected to hear any ex-minister, who was so dependent at that time on the support of those who sat to the left, refer to those hon. members as "those birds". But I suspect that in using that term the hon. gentleman had regard to the fact that they have flown; I suspect that this was the real reason for that remark. And if of course they have flown, as in fact they have, the reasons for so doing—

Mr. CASGRAIN: Migratory birds.

Mr. BENNETT: The hon. gentleman says, to his sorrow, that they were migratory birds. They may have been in fact just that. But at any rate I think it was not quite the just deserts due to those who sit to the left that those who for many years had sat in high places with all the emoluments of power and honours of office, who enacted legislation for standardizing hay, straw and potatoes and several matters of that kind, but left dead upon the order paper many standardizing measures which would have been passed had the birds not flown, should thus refer to them in this debate.

This government, when confronted with the circumstances to which I have referred, had no doubts in the world that the only measure which could possibly be enacted by this parliament was one which would give force, validity and life to the efforts made by organizations within the provinces and created under their authority to function beyond the immediate boundaries of those provinces. Could anything else be more simple than that? That is the basis of it.

One hon. gentleman has said that this is socialism. If it is, he has been a party to it for a long time. If it is socialism, then I plead guilty to having been a supporter of it for many long years. I cannot think that there is anything offensive in calling it socialism, if you like, if you mean that the force and power of the parliament of Canada is to be utilized to enable those who live within provincial boundaries and have organized themselves into units to promote their material efforts, and to get something for the toil they give. You may call it anything you like, but at least it is sound legislation which promotes it.

You thus have the local units organized and functioning. Then, you have your federal unit not for a rendezvous, as the ex-Minister of Agriculture has said, but as a great clearing house centre for the purposes of enabling those who by reason of limitations imposed upon them constitutionally are not familiar with international conditions to be able to deal in the light of the knowledge that is given them of the whole international situation. That is the central board. It is not only to be a disseminator of information;

it supplies the local units with such information as will enable them to determine how best to dispose of their products.

Why are you opposed to that? Why are those to the left of you, Mr. Speaker, rising in their places to-night and voting against a bill which provides for that? Have they given, in this long debate, any substitute for that which has been offered here? Have they offered a substitute? Has there been a single word of constructive criticism with respect to this measure? True, they did suggest some amendments—the crossing of a "t" and the dotting of an "i." They did suggest some amendments of that sort. Rightly it may be stated that they did suggest two or three. Every member has a duty to perform; he owes a duty to a measure before the house and if his suggestion is accepted by the government of the day, so much the better for the bill. Every hon. member must play a constructive part in it, to improve it, to make it better.

I do say that this legislation which was offered on the second reading of the bill which has now passed the committee and is submitted to the house for third reading—I say that this legislation embodies the idea that the central authority is to be utilized, with all its authority and with all its strength, with all its life and vitality, to enable the agrarian in the provinces, with the aid of his organizations, to have that knowledge which will enable him to deal with his calling, and to receive the best return for his effort. That is what we are endeavouring to do.

Mr. BOUCHARD: And to deprive the minority of their right.

Mr. BENNETT: The hon. gentleman has said that it is to deprive the minority of their right. His seat in this house deprives the minority of their rights. That is the basis of this type of government, if the hon. gentleman has any appreciation at all of what democratic representative institutions mean. They mean this, that the majority governs. How do we pass measures in this building? How do we do it? By the will of the majority. How do we do anything else? By the will of the majority. Representative institutions, involving the majority selecting their representatives, deprives minorities of their rights. That is the theory of our government, and as I said every hon. member who occupies a seat in this house is here, despite the opposition of a minority. And when that minority is converted into a majority, usually much to the chagrin of the person affected, then the will of that majority must prevail. That is the position.

We speak of liberty. "Oh liberty, what crimes have been committed in thy name!" No wonder that a great annotator referred to liberty in that way. Liberty—yes, there is no liberty that does not involve curtailment of rights.

Mr. BOUCHARD: In terms of farming, independence is the greatest gift.

Mr. BENNETT: I suspect the independence that is sought is independence materially, financially and otherwise. There is no man in the world who perhaps is as independent as the farmer, if he can farm profitably, and there is no man in the world so badly off if he has to toil from sunrise to sundown, only to find himself in debt at the end of the year. When you talk about liberty, is there an hon. member in this house who does not realize that liberty means restraint, that liberty means discipline, that liberty means loss of unrestricted freedom? Why is it that you have by-laws in this city? Why do you make laws in the legislatures? Why do we pass laws in the dominion parliament? Why have we a criminal code? Why have we any of these provisions which say to the individual, "You may not exercise all your liberties"? Why? Because the enjoyment of any liberty, any constitutional liberty, means sacrifice by each individual of some of his natural liberties. And when a legislature takes from this class or that class, from this individual or that individual, some of his natural liberties, it speaks in the name of society and in the name of the state, in order that there may be an enjoyment of liberty by everyone within the realm. That is the whole theory of liberty.

Mr. BOUCHARD: When has selling a hog without a licence been a crime, in the past?

Mr. BENNETT: I am just going to deal with that, for this reason: There are some hon. members in this house who have complained against this legislation because they say that what we are doing is delegating to a body certain powers which should be exercised by parliament. Well, Mr. Speaker, I confess that when I heard the right hon. gentleman say to this house yesterday that this was a new theory developed in recent years, and when he referred to Lord Hewart's book from which he erroneously stated that I sometimes quoted—I often referred to it, but I never quoted from it—

Mr. MACKENZIE KING: I beg the right hon. gentleman's pardon.

Mr. BENNETT: The hon. gentleman will realize what I meant. There is no point in it.

An hon. MEMBER: In days gone by.

Mr. BENNETT: Yes, in days gone by, but I commend the hon. gentleman to a consideration of this fact, that this is not a new doctrine. Fifty-one years ago a statute was passed by a celebrated Liberal government in Ontario of that day, the government of Sir Oliver Mowat. They passed a liquor licence act, and the question as to its validity went to the privy council. That was in 1883, just fifty-one years ago, and fifty-one years ago the argument made here now by the right hon. leader of the opposition and so heartily applauded by the hon. member for Charlevoix-Saguenay (Mr. Casgrain) as soon as he saw how others were applauding, was made in that case. I wonder if this chamber has any realization of just how far the courts went with respect to that. The court held that:

"The Liquor License Act of 1877, c. 181, revised statutes of Ontario," which in respect of sections 4 and 5, makes regulations in the nature of police or municipal regulations of a merely local character for the good government of taverns, et cetera, does not in respect of those sections interfere with "the general regulation of trade or commerce," but comes within Nos. 8, 15 and 16 of section 92 of the act of 1867, and is within the powers of the provincial legislature.

Held, further, that the local legislature had power by the said act of 1867 to entrust to a board of commissioners authority to enact regulations of the above character, and thereby to create offences and annex penalties thereto.

"Imprisonment" in No. 15 of section 92 of the act of 1867 means imprisonment with or without hard labour.

That case is Hodge and the Queen. In that case the privy council laid down the rule that it was competent for the legislature of Ontario to create a body and give that body the power to licence, and to create criminal offences and fix punishments for those violating the law. That was not the legislature, but the licensing body that was set up by the legislature, and the argument made in this house the other day, with all the startling assertions I heard yesterday as to this being a modern doctrine, was made in the privy council when the case was heard by that body in 1883. Here are the words of the court in giving judgment with respect to that matter, and it does seem to me that they are very pertinent. The case was argued at great length. Mr. Kerr, Q.C., and Mr. Jeune, afterwards president of the probate division in England and afterwards Lord St. Hillier, argued the case for the appellant, and after the case had been heard at great length finally the court laid down this rule, a rule which I commend to the consideration of this house because it does appear to me that there has been an entire misapprehension as to the true construction to be placed on both the powers of parliament and the powers of the legislatures. Here are the words of the court in giving judgment:

Their lordships consider that the powers intended to be conferred by the act in question, when properly understood, are to make regulations in the nature of police or municipal regulations of a merely local character for the good government of taverns, et cetera, licensed for the sale of liquors by retail, and such as are calculated to preserve, in the municipality, peace and public decency, and repress drunkenness and disorderly and riotous conduct. As such they cannot be said to interfere with the general regulation of trade and commerce which belongs to the dominion parliament, and do not conflict with the provisions of the Canada Temperance Act, which does not appear to have as yet been locally adopted.

Then they proceeded:

Assuming that the local legislature had power to legislate to the full extent of the resolutions passed by the licence commissioners, and to have enforced the observance of their enactments by penalties and imprisonment with or without hard labour, it was further contended that the imperial parliament had conferred no authority on the local legislature to delegate those powers to the licence commissioners, or any other persons. In other words, that the power conferred by the imperial parliament on the local legislature should be exercised in full by that body, and by that body alone.

We have heard that for the last ten days. The judgment continued:

It appears to their lordships, however, that the objection thus raised by the appellants is founded on an entire misconception of the true character and position of the provincial legislatures. They are in no sense delegates of or acting under any mandate from the imperial parliament. When the British North America Act enacted that there should be a legislature for Ontario, and that its legislative assembly should have exclusive authority to make laws for the province and for provincial purposes in relation to the matters enumerated in section 92, it conferred powers not in any sense to be exercised by delegation from or as agents of the imperial parliament, but authority as plenary and as ample within the limits prescribed by section 92 as the imperial parliament in the plenitude of its power possessed and could bestow. Within these limits of subjects and area the local legislature is supreme, and has the same authority as the imperial parliament, or the parliament of the dominion would have had under like circumstances to confide to a municipal institution or body of its own creation authority to make by-laws or resolutions as to subjects specified in the enactment, and with the object of carrying the enactment into operation and effect.

It is obvious—

And I commend these words to this chamber:

—that such an authority is ancillary to legislation and without it an attempt to provide for varying details and machinery to carry them out might become oppressive, or absolutely fail.

I heard the right hon. gentleman yesterday ask: Why is not the scheme before parliament? Why are not the details of the scheme here for us to pass upon? Well, the scheme will be arranged and promulgated after parliament has risen. Next year when parliament has met, it would deal with it. But what would be its value? What would be its value, I ask? The delegation of power, as I shall presently point out, is the basis of all constitutional legislation. Their lordships in delivering their judgment said:

An attempt to provide for varying details and machinery to carry them out might become oppressive, or absolutely fail.

The very full and very elaborate judgment of the court of appeal contains abundance of precedents for this legislation, entrusting a limited discretionary authority to others, and has many illustrations of its necessity and convenience. It was argued at the bar that a legislature committing important regulations to agents or delegates effaces itself.

Has this chamber ever heard that argument?

Mr. BOUCHARD: Drunkenness is a social evil.

Mr. BENNETT (reading):

That is not so.

I am quoting now from the judgment:

It retains its powers intact, and can, whenever it pleases, destroy the agency it has created and set up another, or take the matter directly into its own hands.

There is the answer.

How far it shall seek the aid of subordinate agencies, and how long it shall continue them, are matters for each legislature, and not for courts of law, to decide.

Fifty-one years ago the court of last resort in this empire made that statement of the law. It has been acted on ever since, and, as I shall presently indicate, by no one more than the right hon. gentleman himself. The judgment continues:

Their lordships do not think it necessary to pursue this subject further, save to add that, if by-laws or resolutions are warranted, power to enforce them seems necessary and equally lawful. Their lordships have now disposed of the real questions in the cause.

There was a later case from Australia which touched on parliament exercising jurisdiction in the same sense as this, the case of Powell against Apollo Candle Company. In that case discretion was given to a collector of customs to determine what the tariff should be if there was no tariff on a particular commodity. If he thought it approximated in quality to some other commodity he might apply the duty on the commodity in question as he thought desirable. The statute is set out at length, and the case was decided in 1885, a little later than the case to which I have just referred. Even though it takes a few minutes to do it, in order that there may be no misunderstanding with respect to this fundamental principle, I am going to quote from the section which the privy council had to deal with:

Whenever any article of merchandise—

This was in the Customs Act:

—then unknown to the collector is imported, which, in the opinion of the collector or the commissioners, is apparently a substitute for any known dutiable article, or is apparently designed to evade duty, but possesses properties in the whole or in part which can be used or were intended to be applied for a similar purpose as such dutiable article, it shall be lawful for the governor to direct that a duty be levied on such article at a rate to be fixed in proportion to the degree in which such unknown article approximates in its qualities or uses to such dutiable article; and such rate thus fixed shall be published in a treasury order in the Gazette, and one other newspaper published in Sydney, and exhibited in the long room or other public place in the custom house, and a copy of all such treasury orders shall, without unnecessary delay, be laid before both houses of parliament.

That is a case in which, where no duty was fixed by statute, power was given by the legislature to the governor in council on the recommendation of the minister to fix a rate that bore some relation to the rate on the commodity to which it approximated in qualities or kind.

It was argued then, as it has been argued to-day, that the local legislature is in the nature of an agent or delegate, and, on the principle delegatus non potest delegare, the local legislature must exercise all its functions itself, and can delegate or intrust none of them to other persons or parties. But the judgment, after reciting that such had been the contention, goes on to say,

There is then a quotation from the judgment, and the court makes the clear statement that the tax in question had been imposed by the government and not by the legislature. The argument I heard yesterday in this chamber was that the scheme was a scheme prepared by individuals and not by this parliament. His lordship concludes:

It is argued that the tax in question has been imposed by the governor, and not by the legislature, who alone had power to impose it.

That is the argument here, that this parliament has the power and no one else. But the court dealt with it in these words:

> But the duties levied under the order in council are really levied by the authority of the act under which the order is issued. The legislature has not parted with its perfect control over the governor, and has the power, of course, at any moment, of withdrawing or altering the power which they have entrusted to him. Under these circumstances their Lordships are of opinion that the judgment of the Supreme Court was wrong in declaring section 133 of the Customs Regulation Act of 1879 to be beyond the power of the legislature.

I merely mention these two cases because half a century has elapsed since the argument which has been advanced in this chamber so seriously and solemnly, and said to be of recent growth and development, was scotched by a judgment of the court in two cases. So far as the objection to this legislation on the ground that it is depriving parliament of its authority is concerned, we are met by two conclusive decisions which establish that that is not so. The right hon. gentleman realized his weakness in this regard yesterday when he stated that this was not for an emergency, it was forever. When I shook my head, he said: Well, until parliament repeals or amends it. That is the basis of all legislation, and that is what the court has said in both these cases. The power of parliament has not been taken away from it; you have not substituted for the power of parliament some other body or authority; you have merely vested that power. Parliament has delegated for the present its powers to the board which it names, and until parliament withdraws that authority, the board may exercise that authority in the manner and to the extent indicated by the statute. So the first argument against this measure disappears. It disappears in the light of reason and of authority. Could anything be more monstrous than that this parliament could not delegate its powers to any body which it sees fit to set up?

During the nine years he was in power, the right hon. gentleman, with the help of "the birds" to his left, part of the time, and later with the help of the others, was dealing with this matter in various ways. First of all, there was the Canadian wheat board in 1922. The hon. member for Regina (Mr. Turnbull) dealt with that matter at length. In that case complete power was given by this parliament to a body to impose conditions on the export of wheat from the provinces. That board had power to make such regulations as it desired. Yesterday the right hon. gentleman referred to Russia, and referred to the nefarious institution called the government which sat opposite. He stated that there had never been granted by this parliament any power to the governor in council to impose embargoes. All one has to do is look at chapter 46 of the statutes of 1923. The right hon. gentleman enacted an amendment to the then Export Act to enable the governor in council to place an embargo against the export of pulpwood produced in this country. That is all.

Mr. HANSON (York-Sunbury): And never had the sand to use it.

Mr. BENNETT: That is beside the question. The question is: Has the right hon. gentleman exercised the powers, never mind the extent to which they have been used? Has he enacted them in his own favour?

Then we pass to the Inland Water Freight Rates Act. I shall not go into the details of this legislation except to say that the board might prescribe the maximum rate. I shall pass on to 1925. I wonder how many hon. members of this house realize that a man cannot erect a building upon the right of way of the Canadian Pacific or the Canadian National railways and undertake to store grain therein without a licence. That was passed in the house in 1925. To what board did they delegate authority to deal with the complex details of the grain trade, the largest single trade in this country? That power was delegated to the Board of Grain Commissioners for Canada. Who gave them the power? This parliament. Who conferred it upon them? The government led by the right hon. gentleman and supported by the former Minister of Agriculture. As my colleague suggests, does parliament ever hear of what they are doing?

What about that great commission created to deal with freight rates, the board of railway commissioners? What about its delegated powers? What about the powers that this parliament conferred upon it to deal with freight rates? Do you first submit freight rates to this house and then tell the board afterwards, or has the board complete jurisdiction to deal with them? That board has as full and plenary powers as could be conferred upon it by parliament. It is true the right hon. gentleman's government did not pass the Railway Act. That was passed by one of his predecessors in office and subsequently consolidated under the government of Sir Robert Borden. The Canadian Farm Loan Act is another instance of delegated powers. Then there is the Domestic Fuel Act and the Vehicular Traffic Act. I take them one after

another, year after year. There is not one year that the right hon. gentleman was in office in this country that he did not ask this parliament to delegate some power and some authority to some body created by this parliament. That is the story that is written upon the statutes.

What do you mean by saying that this bill shall fail and is bad because parliament is delegating its powers to a body to be set up? It is true that that body may have its birth with the provincial authorities, but the central body which is to be set up is a body set up on the authority of this parliament. In order that constitutional difficulties may be overcome and that there may be an interrelationship between the functions and powers conferred by the provinces upon the local boards and the functions and powers to be exercised by the dominion board, adequate provisions have been made to meet just that situation.

Only last session we passed two statutes, one looking towards compositions under the authority of the Bankruptcy Act and the other dealing with the general powers of this parliament under section 91 of the British North America Act. Yesterday the supreme court sustained their validity by a unanimous judgment. There again you have an instance of the exercise of powers by this parliament to accomplish the purpose it has in mind.

I say to this house that if any hon. member is voting against this bill because he thinks that this parliament has no power to delegate its authority to any body which it sets up or which may otherwise be set up, he is voting contrary to the considered judgment of the court of last resort in the empire. But more, he is voting against something which was done by the government led by the right hon. gentleman opposite during every year of the nine years he held office.

One word more. It has been alleged that this legislation should fail—I really confess that I find it difficult to understand this—first, because it is socialistic; second, because it savours of sovietism, and third, because it savours of fascism. Those are the three grounds put forward why it should be rejected. I have dealt with the question of socialism and the socialistic tendencies of this legislation. As I read the history of the human race for the last twenty-five years, or even for the last fifteen years, I see more and more the tendency that the combined effort of all should assist the effort of one. This is so, whether or not we like it. I am no prophet, but I stand here to-night and say this, that you cannot read the history of our times without realizing that more and more man is coming to a recognition of his obligations to his fellows, by banding himself together with his fellows for the purpose of promoting the welfare of each and all. That is the tendency of the times. You may stand out against it, as the hon. member for Quebec East (Mr. Lapointe) did; you may object that it goes contrary to the doctrines of past centuries, as the hon. member for Ontario did; but we are dealing with conditions and not with theories, with actualities and with nothing else. We are dealing with conditions that have been forced upon the world in the hard school of experience, with conditions that have arisen in the light of the experience through which mankind has passed; and in the light of those conditions, and with that experience, there is not an hon. member of this house who reads, who observes, who takes the trouble to analyze, who does not realize that tendency, and a right tendency too. In these conditions that exist to-day, where you have such marked distinctions, such marked differences in fortunes, as old as the time of Aristotle, where you have changed conditions, the tendency is that the combined effort, by parliament or the legislature, as the case may be, by the majority, which means combination, shall be exercised for the welfare and good of each and all. That is the theory on which the world is now moving and is being governed.

I come next to the question of sovietism. Why, for the last twenty-five years in every province of this dominion there have been set up local boards, whether municipal councils or school districts, or a small combination of a few people for the purpose of taking goods to market by common understanding or on the authority of a statute. In the old province of Quebec it has been so—you have little local banks, savings institutions, the power to lend money one to another; and you had that long before the war.

Mr. BOUCHARD: Not compulsory.

Mr. BENNETT: Who has said this is compulsory? I am talking about something that is not compulsory; I am talking about free organization within the province of such units as I have indicated. I shall deal with the question of compulsion in a moment. Thus we have a clear understanding that there is nothing new in that respect, and to denounce as sovietism, because it sounds well, that which has been in existence for a third of a century at least in the older of the provinces, is to do violence to one's own understanding and intelligence.

Then we come to the third ground. Section 9 of the act confers upon the government power to erect and create boards within districts and areas to be indicated. Now, this act is intended to be of use; it is not ornamental like the inland freight bill. It is intended to be of some use to the country; it is intended to serve a purpose, and I am going to put this to the house to-night: There is a rule of our jurisprudence, one of the most important that we have—So use your own as not to injure your neighbour's. That is the rule; and if you bring upon your property anything that causes injury to your neighbour, though it be surrounded by all the skill and care that engineering judgment would suggest, nevertheless if injury accrues by reason of your having brought any such thing on your property you are liable for damages.

Now transfer that broad principle to our economic life. Shall farmers who are looking to governments for light and leading, for assistance in the marketing of their products, be told that in a surfeited market, under the conditions to which I have alluded, by reason of the war—are they to be told that any man can ship any product he likes into a market already surfeited and so destroy the price of all products? Is that just? Is that right? Every member of this house who votes against the bill wants to declare that that is right, that it is right for one man, the minority as the hon. member for Kamouraska (Mr. Bouchard) says, notwithstanding that there may be ninety-nine out of one hundred who think otherwise, by shipping his product to such a market, to destroy the price and the market and leave his neighbour ruthlessly ruined, without caring for the consequences.

Well, that is not the law of the country, and this statute is passed for the purpose of seeing that it shall not be the law with respect to associations. That is the purpose of the measure. When one heard the argument adduced yesterday, that the effect of this bill would be to enable the government, ruthlessly and autocratically, to do as it pleased with respect to these matters, one had only to put this to oneself. The central board, acting in association with the other boards, the local boards, for the purpose of securing to them the maximum return for their products, may be confronted with a situation in which a small, or even a larger area may take no action, doing nothing for the common good; and parliament has said that under those circumstances its will shall prevail. That is all. And why should it not? What about your county councils, your legislatures and parliaments? The will of the majority prevails; but it is suggested here that the government will ruthlessly and arrogantly do something that will be at variance with the good of the whole community. Governments sometimes commit suicide, so the opposition say. But be that as it may, is it likely that they will consciously do so? When we are dealing with legislation of this character, as the privy council has so often said, we must adopt one cardinal rule, and that is, that it must be assumed that the legislators were acting for the common good in passing legislation, and not for destruction, not ruthlessly to destroy and ruin but to promote and upbuild and further the welfare of all. And that power in this bill is intended to prevent that reluctant minority, to whom the hon. member for Kamouraska refers, from destroying the efficiency and effectiveness of this measure.

Mr. BOUCHARD: Is the Prime Minister aware that in the country where agriculture has been most intensively developed no such measure has been passed—Denmark?

Mr. BENNETT: I have not suggested that there was. What I am suggesting is this. Apparently the opposition have one object in mind. It makes no difference what legislation is introduced by this government, they oppose it, no matter what it is. There are exceptions to that rule. I wonder how many hon. gentlemen realized, as I did the mental agony of the ex-Minister of Agriculture—and I say that in no scoffing sense, for I have been through it. I voted in 1913 against my party, I spoke against it, in connection with the acquisition of railways; and I know how one feels if he has been a minister, and has worried and thought and then concluded, that he must serve his country and not his party.

Will any hon. gentleman in this house show that the attitude of the opposition has not been one of consistent and persistent opposition since this depression began? What measures have we offered to this house which they have not, by every means in their power, endeavoured to frustrate and destroy? And here is one of the reasons why, I suggest, this legislation is being so fought—and I use the word advisedly. What is there in this bill that justifies the long debates that have taken place over it? What is there in the bill to justify hearing the same speech three times? What is there in it to justify listening to talk about the trade and commerce of the country before the depression and afterwards, and a comparison of the two? What have been the relevancy of the observa-

tions and the character of the opposition? Why has there been such opposition? Why? Because in this bill there is a provision that, if it were not there, might render the bill futile and useless; because we have inserted in it a provision that makes it no longer possible for the vociferous and vocal minority to destroy the efficiency and effectiveness of the legislation, we are met with cries that this is in derogation of the rights of parliament, a frustration of the power of the will of the people through their chosen representatives. We are told further that this is an effort at fascism on the one hand and sovietism on the other.

One word more. The right hon. gentleman yesterday denounced this bill and clause 12 has been denounced in this chamber as having behind it a hidden purpose. He says that there is behind it a vast scheme of economic imperialism. I ask any thoughtful member of the house whether he thinks that is a worthy criticism with respect to legislation of this character. All hon. members know that in all parts of the country the word "imperialism" by reason of the thought in the minds of many connotes military power and despotism as in the days of Rome, Babylon and Assyria. That word will promote prejudices, create animosities and antipathies in certain sections of the country. When every other argument fails and is forgotten my right hon. friend cries aloud: This is imperialism! Only a few short months ago in the city of Quebec the right hon. gentleman made this observation; listen to these words:

> This is an issue of vast import and significance and the resurrection of an old issue, most of us thought dead and buried long ago. Whether the British commonwealth of nations shall be permitted to remain what it has become, and what it is now—a community of free nations owing allegiance to a common sovereign—and to continue to expand on these lines, or whether it is to lose its identity and the individuality of its component self-governing parts and be made to model the Babylonian, Assyrian, Macedonian, Turkish, Roman and the German empires.

There you have the leader of the opposition at his best and his worst. There is the demagogue on the one hand appealing to the prejudices and passions of those whose antipathy to military empires is well known, and on the other seeking the opportunity to get a few votes.

Mr. MACKENZIE KING: I should like to know from the Prime Minister whether the word "demagogue" is a correct word to use. I leave it to himself.

Mr. BENNETT: If the right hon. gentleman thinks the word "demagogue" may be too strong a term, I will say "agitator," because I think that is more parliamentary.

An hon. MEMBER: No, it is worse.

Mr. BENNETT: No, it is a proper parliamentary term; you might agitate for the right, for the good, and you might agitate for evil.

But at any rate let me go a step further. This legislation is legislation for Canada; it is made for Canadians; it is intended for Canadians. I have no apology to offer for the agreements of 1932. When I heard the hon. member for Ontario, who after all is a student, make the observation that the League of Nations had declared that Great Britain and Canada were leading the van toward prosperity, I realized what every man in this country knows, that but for the Ottawa agreements this country barely could survive. Go and look at your exports; go and look at the prices of bacon, of pork—

Mr. SANDERSON: Butter.

Mr. BENNETT: Yes, butter. Look at the prices of the various products we have to sell. Why is it the hon. member for Ontario paid us the compliment of saying that the reason this country had maintained the position it has was that it had sound economic laws? So we have and so we propose to have. The soundest economic law that can be found is the one that uses the power and force of parliament to provide that all the resources of the state shall assist those who require aid in the development of the resources of the country.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE (Vancouver): That is the mechanical majority at work.

Mr. BENNETT: The hon. gentleman is even without a mechanical majority, and still he manages to make more noise than if he had one.

But let me proceed further for a moment. Imperialism! Mr. Bruce did not in either address he made in this country use the word "imperialism" so far as I can recall or find out in the short time at my disposal.

Mr. BOUCHARD: He was too wise to do so.

Mr. BENNETT: Just so, but my hon. friend's leader is not. That is the point exactly. Have I been talking imperialism with respect to these agreements? I have said in every country, I have said in Great Britain itself, that whatever we did with

respect to Britain and other portions of the empire, our first duty was to Canada. I said that everywhere; I said it in London; I say it in Canada and I say that when the members of the family desire to get together and promote their common fortunes, it ill becomes any man to scoff, by talking about imperialism, at the successful results of their efforts.

Let me go a step further; it does not stop just there. During the last election I was charged with having been too pro-Canadian. If the newspaper reports are correct as to what the right hon. gentleman said at Barrie, he said that he was for Great Britain, and wherever the word "British" appeared either in the original of his public address or in the press of the province in which it was made, you always found that note, but you find it no more. He thinks that because this country has made trade agreements with Australia, New Zealand, Great Britain, the Irish Free State, India and South Africa, because of the agreements we have made within our own empire, we are thus to be branded with "imperialism". Mr. Bruce pointed out—and no one has denied this,—and the right hon. gentleman said that with what Mr. Bruce said he was in accord—that there is left but one country in which in the main the products of the rest of the empire might find a market. That is what he said, and it is because we have that market and a preference in it; it is because the dream of Sir Wilfrid Laurier as approved by his own people and himself in the conference of 1897 and because the dream of Sir Lomer Gouin, Mr. Graham and the right hon. gentleman himself in 1923 failed of realization and is now come true, they must oppose that which they formerly advocated.

I said in this chamber, standing in the place where my right hon. friend now is, that the greatest service Canada could make to the British Empire was to develop that part of the empire called Canada. I said that a woollen mill in Canada was as valuable an asset to the British Empire as a woollen mill in Yorkshire. I said that in my speech delivered on the budget in 1930, the year of the election. I said it when other nations were closing their doors to us, and let it be remembered that in the nine years that elapsed during which the right hon. gentleman and his followers were in power every one of those markets, one after another, was closed to us. Then they said: What about your trade treaties? We made a trade treaty with Great Britain. When we came into power a trade treaty with New Zealand was terminated, and we made a new one. We made treaties with Australia, South Africa, the Irish Free State and Germany. During the nine years hon. gentlemen opposite were in power efforts to make a treaty with Germany on somewhat similar terms failed; we succeeded. A treaty was made with Austria. We are now about to negotiate a treaty with Poland. During all these months since 1930 we have been carrying on continuously, within the ambit of our powers and under the conditions that existed, negotiations with the great republic to the south. We completed a new treaty, through the Secretary of State (Mr. Cahan), with the republic of France, and all this in spite of the fact that we had to face a condition we did not create but which was inherited, with the markets of these countries closed against us through the actions taken while hon. gentlemen opposite were in office.

Will any hon. gentlemen rise in their places and say that is not so? Can they stand in their places over there and say that from the time they came into office in the fall of 1921 or the spring of 1922 until 1930, when they went out of office, during all that time the nations of the world did not consistently raise their tariffs against Canada? Although we turned the other cheek twice, as Senator Dandurand said at the League of Nations in Geneva; although the leader of our government coaxed us not to say anything that might provoke our great neighbour to the south, we were shut out of those markets by the highest tariffs we have ever had to face in that country, and all the nations of the world refused to accept our commerce. Then we turned, as the great chief of the Liberal party saw we would, to that greatest of all consuming markets to which all producing people look, and we secured there a preference that is now condemned and denounced in this house as imperialism. Go and tell the hon. member for Hants-Kings (Mr. Ilsley), who voted for those preferences, that what he has been voting for is crude material and economic imperialism.

Go and tell those who have reaped benefits to the extent of $11,000,000 or $12,000,000, as against their position if duties had to be paid, that this is not to their benefit or for their welfare. Why this should be brought into this debate is hard to understand; there can be but one excuse and one reason, an effort to draw a red herring across the trail, to consolidate a broken party, to keep together men of differing views, some thinking one way and some the other; to get them all together to vote against the bill, to hold them at any cost so that the world may not know the dissen-

sions that have characterized their deliberations with regard to this matter.

Let them vote to-night. In a few minutes we will give them the opportunity to vote, and after they have done so let them remember that they have voted against, according to the agrarians and producers of primary products, that measure of assistance that is not denied to the other leg of the great movement that will make for the prosperity of the world. Secretary Wallace said the other day that Labour was the one leg and agriculture the other; as they march forward sometimes one and then the other is in advance, but if they march together there comes prosperity. So now are we to deny the one and accede to the other; grant to the one and deny the other? Hon. gentlemen opposite do not desire that there should be placed upon the statute books of this country a measure giving the primary producer an opportunity to receive that measure of assistance, that measure of parliamentary aid, that should come to him as the producer of the natural wealth of the country, that this country may recover and ultimately prosper as it did in days gone by.

Sir, I have trespassed somewhat longer upon the time of the house than I had intended. There are other matters that might be dealt with, but I trust that I have said sufficient to indicate the shallowness of the arguments that have been made against this measure. I have quoted the authorities of the courts of last resort to show that arguments of that kind are not valid, and I commend this bill to this house. I do so because the bill affords a practical illustration of the efforts that have been made by a party not bound by the shibboleths of the past, but accepting only the history of the past for the purpose of guiding them aright in the pathways they hew out for the future. I commend the bill also because we believe that the true measure of faith of the Conservative party is shown by our ability and willingness to accept, in the light of experience and knowledge, those principles which we know are sound and which involve, as they do, the lopping off of much that has gone before in order that the world may progress and civilization prevail.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, I want to express my appreciation to the house for the very kindly ovation they have rendered me. We have travelled from the days of Samuel Plimsoll down through the legislation with regard to child labour and Lord Shaftesbury's brilliant contribution to the charitable works of the last century. We have heard a good deal about Hodge and the Queen and the decisions of the privy council. We have heard some references to the New Despotism, which the right hon. Prime Minister (Mr. Bennett) says he never quotes from but only refers to; we have heard a discussion with regard to every point in connection with this bill except the point which has been dealt with all through this debate, namely the compulsory feature, to which my right hon. friend has omitted to refer. He promised us all the way through that he was coming to that, but he has not arrived there yet.

Now let me say to my right hon. friend, who has spoken of the doctrine of laissez-faire, upon which he laid considerable emphasis, that I have a quotation from my right hon. friend which indicates the sort of dynamic policy which he believes in. This is my right hon. friend speaking in this house in 1927; this is the right hon. gentleman who chides the party on this side of the house for its policy of laissez-faire. I quote from page 409:

> We must decide whether from choice we will permit our resources to be diverted into foreign channels or whether, with courage and fortitude, we will continue to plough our furrow and go our appointed way, building slowly but surely, knowing—aye, knowing—that the day is not far distant when the very people whose high tariffs and offensive legislation have kept us out of their markets will have to come to us for the raw materials on which to subsist. That is one great vision before the Canadian people.

Wait until these people come to us. This is the gentleman who now complains that when he came into power in this country the markets were all shut. He is the one who had a policy which was going to solve the difficulties,—by sitting down and waiting. Well, he did adopt a policy; he adopted the policy of high protection. He says, I suppose, that that is not laissez-faire. The policy of high protection resulted as he was told it would result, namely in the reduction of the exports of this country from $1,185,000,000 in 1930 to $554,000,000 in 1934. That is the way my right hon. friend has built up the country.

Now we come to the crowning piece of dynamic legislation, the so-called marketing bill, as he so aptly phrased it—the "so-called" marketing bill—section 12 of which provides that the doctrine of laissez-faire shall still exist, and that what we will do now in order to forward the trade of this country is to "regulate or restrict the exportation from Canada of any natural products." That is the policy which my right hon. friend is advocating, when he comes to deal with trade —and he is the right hon. gentleman who complains of laissez-faire.

He has said the Liberal party have opposed the legislation which he has brought down. Will he tell us one piece of constructive legislation which he has brought down in the past four years until now when he tries to make up for lost time by concentrating all this so-called social legislation at the end of the fourth session of parliament, when he brings in a bill to make bankruptcy easy, when he brings in a bill in regard to farm loans, when he suddenly forms a price spreads committee in the dying days of a parliament, and when he brings down this marketing bill? All my right hon. friend has been doing up to this time has been to ask this parliament to vote money and to give him power, still more power, money and still more money. But I think the people of this country will search in vain in our statute books to find any piece of constructive legislation which has been opposed by this opposition. Why? Because there is not any; because my right hon. friend has not originated any; because he has been marking time in the same old policy of laissez-faire, and with the same old party shibboleths of high protection. That is the thing which was going to bring Canada out of the slough of despond in which he has put it.

I say to my right hon. friend that in his discussion of the marketing bill to-night he has gone far afield. I do not purpose following him along all the devious paths into which he has wandered. There are one or two points however, to which I should like to refer. He has cited one or two privy council cases in connection with constitutional points. May I say to him right now that we are not concerned with the question as to what the privy council has decided with regard to the legality of legislation. The question in which the opposition and the people of this country are interested is the policy of the legislation, and as to whether it is proper for this parliament to hand over to an unnamed board the right to regulate the whole trade of this dominion in natural products. I say to him that he cannot quote any case from the number of cases he has cited which approaches the vastness and enormity of the amount of power given here.

What has he quoted? He has quoted the well known cases which have existed ever since confederation, the cases in which parliament from time to time delegates to the governor in council or some board the power to make regulations with regard to some particular feature—to fix a freight rate, for example, as he said himself, or to fix a rate of customs duty, or to make regulations which could not ordinarily come within the ambit of parliament. But in every case you will find, Mr. Speaker, that there has been laid down clearly and consistently the limitation within which that power is to be exercised, the conditions under which the control is to be administered, and the objects which are to be attained in connection with whatever regulations are made.

I am not going to go over every one of these acts to which my right hon. friend has referred. But every one of them is a power vested in the governor in council to make regulations with regard to matters clearly and definitely defined, and concerning which the object and intention of parliament is clearly laid down in the statute itself.

My right hon. friend waxed eloquent and got, if I may use the term, rather heated up about the word "imperialism." Has my right hon. friend denied what my right hon. leader said yesterday with regard to the object of this legislation?

Mr. BENNETT: He certainly did.

Mr. RALSTON: The right hon. gentleman skated around it in every way he could. He has been talking about the markets being closed—oh yes, the markets have been closed. I ask him if he has not closed the markets himself. He talks about having only one market. What could work more towards that than to have my right hon. friend pegging the duty on one hundred and thirty-nine articles in the tariff schedule? He has made it impossible to make trade agreements with other countries because he has agreed with Great Britain that the duties should remain fixed for five years. I say to my right hon. friend all he has to do to find out whether or not the market was closed when he came into power is to study the returns of exports and imports to countries other than Great Britain, and compare them with to-day's returns. If he would do that he would find out who has closed the market.

But has he dealt with the feature that I felt and I believe all of us felt was the most important in connection with this legislation? He has dealt with the constitutional aspect of the matter. He has laid down a new principle. I saw some of his supporters gasp when he suggested that in this country a man is violating the law of Canada when he sells his goods lower than his neighbour does. That is not to be done after this. My right hon. friend says that that is the law of Canada, and that all we are doing is to put it into

this legislation. Well, some of my friends who are dealing in coal, lumber, steel, or gasoline may approach my right hon. friend after this session and say to him, "Say, look here, is this true, or were you just spoofing?" I say to my right hon. friend he knows perfectly well that he went a bit too far when he laid down the principle involved in the old case of Rylands and Fletcher, which instances the bringing of a wild beast on your own property and being responsible for keeping it there and liable for any damage which it does if it escapes. I ask the right hon. gentleman if that case could possibly have anything to do with the question whether or not a farmer has the right to sell his potatoes for twenty or thirty cents a bushel, despite the fact that his neighbour may wish to get forty or fifty cents. That is a new doctrine which is laid down by the right hon. gentleman; certainly it is a new doctrine in this country. It is a new doctrine laid down by a man who is a good constitutional and commercial lawyer. But I submit he goes a bit too far when he lays that down as the law of this country. Now he says, "After all, we must see to it that one man is not going to damage the other in connection with the sale of his goods, and we are bringing in a marketing bill for that purpose."

The right hon. gentleman does not quite correctly reflect the views which have been expressed from this side of the house when he says that there is opposition to this bill per se. The opposition to the bill was laid down in the amendment moved yesterday afternoon by my right hon. friend, the leader of the opposition (Mr. Mackenzie King). The opposition to the bill is against giving arbitrary power to an unnamed board to make laws without reference to parliament. Further than that, there is given to the same board, or to the governor in council, the power to regulate the whole export and import trade of the Dominion of Canada. That is something with which he did not deal; and we say also that there is no protection for consumers. The right hon. gentleman has gone all over the case of Hodge and the Queen, and the Apollo Candle case from Australia has been the subject of a great part of his speech. He talked a lot about imperialism, endeavouring to deny, and denying rather faintly, that he had the object in mind with which my right hon. leader charged him. But he said nothing whatever with regard to the fundamental objections to this bill which are dealt with in the amendment. My right hon. friend the Prime Minister strangely enough did not even speak on the amendment. He never said a word on it by way of answering the objections which had been raised by my right hon. leader. No; he reserved his speech for the third reading because he felt that if he spoke on the amendment he would have to meet those very points. It was a good deal easier to talk about Hodge and the Queen, about the Apollo Candle case, about the Grain Act and the Elevator Act, and the Inland Water Freight Rates Act, and things of that sort than to deal with the essentials. Oh yes, and he paid a wonderful tribute to Samuel Plimsoll, of the dear old loadline, to the memory of that fine old Englishman and what he did. One would have thought we had not had in this country either under Conservative or Liberal administration any of the social legislation which has been put on the statute books of this country, and which has been there for twenty or thirty or forty years—the Workmen's Compensation Act, the Combines Act, the Industrial Disputes Investigation Act, the Old Age Pensions Act. These are all on the statute books at the present time and have been for years—all liberal measures too. But my right hon. friend has forgotten all about these things. He thinks that we are still in those black days before the time of Shaftesbury.

I say to my right hon. friend, let us get down to what this bill is really about. Let us get down to the essentials with which my right hon. friend has not dealt. My right hon. friend says that individualism is gone in this country and that an individual cannot exercise his individual liberty, but that for the first time a group of men who are in business have a right to exercise their majority control just as majority control is exercised under the British North America Act and under the acts of the parliament of Canada whereby a majority of voters may send members to parliament. There is no comparison between the two, and my right hon. friend knows it. He knows that the right of majority representation in the House of Commons, as in the parliaments of other countries, has been sacred with us for many years, and he knows also that side by side with that the individual has the right of an individual to carry on his occupation lawfully and properly and to enjoy the fruits of that occupation—that that right is just as sacred as the right of the franchise.

What we are endeavouring to do—let us get down to fundamentals—is to reconcile the two major factors in human activities. One, individualism; not selfish greed, but the right of a man to have the joy of achieving and the exhilaration of accomplishment in con-

nection with his daily occupation. That right carries with it not only the joy of achievement but the right to earn something for his work, to get remuneration for his labour. Generally I think it is true that three-fourths of the people of this world do not ask for profits for their own individual selves, but rather that they may support their families and look after those for whom they have responsibility in life, and make some provision for their old age so that they will be independent of charity and the poor house. That is individualism. Is there anything wrong about it? We have heard to-night for the first time that a man has no right to dispose of his goods or services or to do anything which may cut under the price which his neighbour wants to get for his goods or services. That is on the one side.

What is on the other? The other factor is cooperation, namely, that a man living in society has to have in mind another consideration. He must be fair to the other fellow. We are in society with that in mind, whether we admit it or not. It has been very properly said that the laws that are passed from time to time are restraints on human liberty, but up to the time my right hon. friend spoke a man had a right to do what he liked with his property, to do what he liked so long as he did not injure his neighbour; but my right hon. friend has laid down a new doctrine to-night.

Cooperation, then, is the other thing. As to what my right hon. friend is aiming at in this bill and what we on this side express in the amendment moved by my right hon. leader, we are perfectly willing to follow him in the matter of cooperation and in endeavouring to help individuals get together and express their collective will, subject to the provisos that I shall mention in a moment.

But what do we find in this bill? Where is individualism in this bill? Section 5 lays down that a group of men get together and form a scheme, as they call it, for the purpose of marketing their product. So far so good The individual is represented. He has to consent to that scheme. They get together, they lay down the scheme. What should come next in the ordinary course of things if the principle which the Prime Minister lays down is correct? They should publish that scheme and there should be a hearing on it, in order that they may see to it that their neighbours who are not in the scheme are not going to be injured by it. Is that done in this bill? It is not. But that would be cooperation. Is that done in Britain, whose legislation we are supposed to be following in this measure. It is provided in the British act that when the producers get together and lay down their scheme and submit it to the minister, he goes over it and advertises a public hearing so that those who may be affected by it, not only those in the particular industry concerned but those outside, may be heard in connection with it.

What else? In addition to that there is a consumer as well as a producer, and in the British act provision is made for the appointment of a committee representing the consumer. Is there any provision in this bill for that? None at all. My right hon. friend at one time was particularly strong on this question of the consumer. He pointed out that the consumer should be looked after, and that any legislation which was for the benefit of the producer and against the consumer was not right. This is what he said, speaking at Moncton on July 11, 1930, in that celebrated election campaign when my right hon. friend said a good many things that I think he now wishes he had not said:

> For it should never be forgotten that the solution of the particular problems of one community which does not directly or indirectly benefit all other communities, is not a solution worth having. The prosperity of one section of Canada at the expense of another cannot be enduring. The betterment of one class with loss to any other, cannot be permitted. So, when a government, to meet the insistent demands of any section, or class or business, enacts legislation which is harmful to any other, that is bad government.

And listen to this:

> If, to help the industrialist, the agriculturist is injured, that is bad government. If to benefit the producer the consumer is made to suffer, that is bad government. For the consumer must not suffer and cannot suffer without injury to the producer.

Does my hon. friend adopt that policy in this bill?

Mr. BENNETT: Hear, hear.

Mr. RALSTON: Has he proposed anywhere in this bill that the consumer is to be protected? Is the consumer mentioned from beginning to end of this bill? Are any of the safeguards which are contained in the British act for the appointment of a consumers' committee as a sort of king's proctor to represent the consumers found in this bill? They are absolutely wanting in this piece of legislation. That is section 5.

The scheme goes to the minister. The minister decides whether those who present the scheme are sufficiently representative of the industry. If he decides that they are sufficiently representative of the industry then the scheme is approved and a poll is taken as

provided in the act, and that is the end of it. The scheme is in force. As my right hon. leader pointed out yesterday, the law is made there and then. It is not merely a matter of regulation. The law is passed which decides whether John Smith shall export his fish, it may be, under a quota, allowing so many thousand pounds to be exported from some particular locality or to some particular market at a certain time, or whether some other man may export and sell his potatoes in another province under certain regulations which will permit perhaps only one-tenth or one-fifth or one-twentieth of his whole supply to be sold. Or perhaps provision is made whereby the local board can say to any producer in that particular area: You hold your fish, you hold your potatoes or you hold the natural product in which you are dealing, we are going to allow somebody else to sell his product while your products shall wait. That becomes the law and not just a regulation. For the first time in the history of this country we are interfering directly and definitely with the rights of the producers of these goods. Has my right hon. friend realized that in this bill he is making a law which is directly contrary to the provisions of the combines act? Is there any provision in this bill which repeals the combines act? That act says that any man who makes an agreement or enters into an arrangement—

Mr. HACKETT: Which is harmful.

Mr. RALSTON: My hon. friend can keep on if he wants to,—which is detrimental to the consumer or to the producer or to anyone else, is guilty of an offence under the act. This scheme may be detrimental to the consumers, but is there any provision to take care of that? It is directly contrary to the combines act. Section 498 of the criminal code makes it a crime to combine in connection with the production, the marketing or the handling of goods in order to enhance the price or unduly to restrict production or marketing. I am not quoting the exact words; I have them here but I shall not take the time to read them. This bill is in a directly opposite direction, and my right hon. friend makes no provision whatever to take care of the anomalous situation.

Let that pass: we have a scheme approved and we have a law in force. The minister has approved the scheme and we are away. As the hon. members for Labelle (Mr. Bourassa) and Comox-Alberni (Mr. Neill) pointed out this afternoon, there may be a certain proportion of the producers who would not consent to the scheme but nevertheless they are bound by it. I say exactly what he said about that. Without the safeguards which are contained in the British act, there may be a time when a small majority shall be forced to do certain things. We should have those safeguards and not simply have a scheme presented by a group of producers, carried to the minister without any hearing of any kind, and made the law of the land.

Mr. NEILL: My principal objection was that it might be possible to have a scheme proposed and accepted by only those concerned in marketing and not the producers.

Mr. RALSTON: As has been pointed out, the British act goes further and provides that before a marketing scheme can be effective it must be laid before parliament and approved by parliament. There is nothing of that kind here. My right hon. friend skated over it and cited Hodge vs. the Queen. He said: Any way we have the power to do it. We are not talking about the power to do it; we are talking about the policy and whether it is right to do it. My right hon. friend cannot seem to get that into his mind, or, if he does, he omits to notice it in any way. In England parliament passes on the scheme; after a resolution has been passed not only by the House of Commons but by the House of Lords, the scheme becomes law.

Let me pause here to emphasize the fact that that act was passed in England in 1931; it was not a deathbed act, like this one, passed in 1934. That act was amended in 1933, when it was practically reenacted, but not a section with regard to the safeguards to which I have referred was changed. They have been kept in the British act and they are all there to-day. With that example before him, my right hon. friend still says that this bill should be put into effect. In England you have the majority rule my right hon. friend speaks about, but here you have no hearing, no publicity, no approval by parliament and no protection of the consumer as you have in England.

There is another thing which I do not think has been quite realized and it certainly has not been dealt with by my right hon. friend. I refer to what I call the compulsory features of this act. My right hon. friend skated over the powers of the dominion board. He stated that those powers were given only for the purpose of being used on occasions of emergency or in connection with international matters. I want my right hon. friend to look at the bill and see the powers conferred on the

dominion board under section 4. Under that section the dominion board requires no approval of any kind for a scheme. All that is required is that a product must have become a regulated product, that is, that there has been a scheme approved by the producers or that the minister has approved a scheme. Then the dominion board has jurisdiction. The dominion board may grant to the local board the power to regulate the marketing of a certain product, but at the same time the dominion board may exercise the power to prohibit entirely the marketing of that very product. A producer goes into a scheme because under section 5 (c) he is able to designate the powers which should be given to his local board; so that the producer consenting to the scheme knows just exactly what powers the local board will have. Under subsections (g) and (h) the scheme states the number of persons who shall comprise the local board and the basis of their selection, the name and number of the local board, the place and address of the head office, the chief executive officers, the quorum required to approve any order or resolution, and how vacancies are to be filled. In other words, the producers are entitled to select their own board and to say what powers that board shall have. A scheme having those particulars once being approved, a regulated product comes into being. Then what happens? As I said a minute ago, the dominion board may exercise any powers it likes of those mentioned in section 4 without any reference whatever to the producer. A man may go into a scheme thinking that John Smith, Bill Jones and Harry Thomas, who are his neighbours, are to be on the local board and are to have the power to regulate the marketing of his product. He may then wake up and find that the dominion board has stepped in and Nickerson, McLelland and McDonald up in Ottawa are suddenly handling his product and exercising powers which he never thought would be exercised in connection with his product. Subsection 2 of section 4 provides that the dominion board may withdraw from the local board every power which has been given to it. A regulated product having once been brought into being, the dominion board may step in and say: We think it is best in the interests of this industry that we should take charge. The man who goes into a little scheme with his local board with its limited powers, suddenly finds those powers withdrawn and the dominion board in control.

This is why my right hon. friend did not say anything about compulsion. This is why he dealt at such length with Samuel Plimsoll

—it was safer. My right hon. friend talks about the international powers of this dominion board, but this board has the power to exercise all the powers set out in section 4, either by way of substitution or concurrently with the local board itself. So I say to my right hon. friend that there is a power of compulsion in this measure, a fact around which he discreetly skated. I say to my hon. friends who spoke so eloquently this afternoon with regard to the power of compulsion and the rights of the minority that not only the minority but the majority may be put under compulsion by reason of the fact that the dominion board may substitute for the local board and exercise powers which they never dreamed would be exercised.

Mr. VENIOT: That is the minority controlling the majority.

Mr. RALSTON: As the hon. member for Gloucester (Mr. Veniot) says, that is the minority controlling the majority. I do not care who says it is sovietism, I do not care who says it is socialism, I say it is naked fascism. The governor in council gives those tremendous powers to their own appointees without any reference of any kind or description to the producers in that particular industry.

Only one word more with regard to section 12, which has been dealt with very eloquently and effectively by the hon. members for Labelle and Comox-Alberni. I do not think there is anything I can add except to say that anyone who violates the powers given with respect to tariff matters and the other matters in this bill, is liable under section 14 which reads:

> Every person who fails to comply with any order of the board or of a local board or any regulation of the governor in council—

This may be a regulation restrictng the export of a natural product.

> —shall be guilty of an offence and punishable on summary conviction with a fine of not less than twenty-five dollars and not more than five hundred dollars, or to imprisonment not exceeding three months, or to both fine and imprisonment.

That is the gentle little act that has no compulsion in it, one of the voluntary measures that we ought to pass because we are all boys together. That is the kind of act that is being put on the statute book for the purpose of assisting producers.

What I believe this parliament should do, within the ambit of its legislative jurisdiction, is to encourage cooperative marketing by following the logical course, namely, employ-

ing men who know something about cooperation and sending them among the producers, having them meet the producers for the purpose of assisting them in connection with organizing associations. In his speech my hon. friend spent a good deal of time on British Columbia Cooperatives and the wheat pools, but all of these were voluntary. Then, if the producers need discipline within their ranks, let them come to this parliament or to the local legislature and obtain such power, provided it is safeguarded by the provisions contained in the British act. By so doing we should begin at the beginning, working from the bottom up rather than from the top down. But this act is conceived wrongly when it begins with the minister, the governor in council and the dominion board itself.

So that there may be no doubt about it, what we on this side say is this. We are for cooperation, but we say that sections 4 and 9 should be cut out, and section 12 as well. Section 12 I regard as an intrusion; it does not belong to the act because it has nothing to do with marketing. The price spreads provision should be placed where it belongs, in connection with any legislation brought in as a result of the report of the price spreads committee. But let us have a marketing act and not an act which combines the creation of new crimes, the provision for tariff regulation and arbitrary compulsion with what is essentially marketing. On this side we believe in proper and genuine marketing legislation to enable the producers to help themselves, giving them the power of discipline, provided first that the plan emanates from the producers and is always under their control; provided that the board and its powers cannot be changed at the will of an autocratic dominion board; provided that full provision is made for a hearing, so that those affected, both in the industry and outside, can be heard; provided there is approval of the scheme by parliament; and provided further that the consumer receives consideration. Even then you would be going to some extent in the direction of compelling the minority, whatever that minority might be—and I do not think it should be too large. But this bill authorizes a board which is irresponsible either to parliament or to the producers to paralyze, to misdirect and to divert the whole trade of the dominion in natural products, regardless of the opinions of the responsible representatives of the people of this country, and regardless of the policies of those who are engaged in industry and who know best how to carry it on. Some gentleman from Ottawa, knowing nothing about an industry, may go to fishermen or potato growers or those producing apples and tell a man who has had the experience of a lifetime when he is going to ship, what quantity he is to ship, and so on, withholding his goods and allowing someone else's to be shipped, or refusing him a licence altogether.

I say to you, Mr. Speaker, that these three features, the autocratic and compulsory feature of the marketing act itself, the tariff feature which does not belong to the bill, and the price spread feature without proper definitions, are all inimical to the welfare not only of the producers but of the people of Canada generally. And when I look at the act and realize that the Prime Minister has completely failed to justify these vital and all important features, which have been pointed out over and over again in this debate, I am reminded that whom the gods would destroy they first make mad. I say to my right hon. friend in all seriousness that if he passes this act and attempts to enforce it in the dominion he will find that his destruction will be certain and sure.

The house divided on the motion (Mr. Weir), which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park)
Arsenault
Arthurs
Barber
Baribeau
Belec
Bell (St. Antoine)
Bell (St. John-Albert)
Bennett
Bowen
Burns
Bury
Cahan
Cantley
Carmichael
Chaplin
Coote
Cowan (Long Lake)
Davies
Dickie
Duguay
Duranleau
Ernst
Esling
Fraser (Cariboo)
Gardiner
Garland (Bow River)
Gobeil
Gordon
Hanson (York-Sunbury)
Hay
Irvine
Kennedy (Peace River)
Laflèche
Laurin
Lucas
Luchkovich
Macdonald (Kings)
MacInnis
MacMillan (Saskatoon)
Macphail, Miss
McGillis
McLure
Manion
Matthews
Mitchell
Motherwell
Mullins
Murphy
Myers
Peck
Pickel
Plunkett
Price
Quinn
Rhodes
Robinson
Rogers
Ross
Sauvé
Senn
Shaver
Simpson (Simcoe North)
Simpson (Algoma West)
Smith (Victoria-Carleton)
Smith (Cumberland)

Speakman
Spence
Spencer
Sproule
Stanley
Stewart (Leeds)
Stewart (Lethbridge)
Stirling
Stitt (Nelson)
Sullivan
Sutherland
Swanston
Tétreault
Weese
Weir (Melfort)
White (Mount Royal)
Willis
Wilson
Wright—85.

NAYS

Messrs:

Beaubien
Boucher
Bourassa
Brasset
Brown
Butcher
Cardin
Casgrain
Chevrier
Denis
Desrochers
Dubois
Duff
Dumaine
Fontaine
Fraser (Northumberland, O.)
Girouard
Golding
Hanbury
Howden
King, Mackenzie
Mackenzie (Vancouver Centre)
McKenzie (Assiniboia)
Moore (Ontario)
Neill
Ralston
Raymond
Rinfret
Roberge
Sanderson
Séguin
Stewart (Edmonton West)
Totzke
Vallance
Venoit—35.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton)
Baker
Barrette
Beaubier
Bell (Hamilton)
Beynon
Black (Halifax)
Bowman
Bourgeois
Boyes
Casselman
Charters
Cotnam
Cowan (Port Arthur)
Dorion
Dupré
Edwards
Embury
Fortin
Ganong
Gagnon
Garland (Carleton)
Geary
Gott
Guthrie
Hackett
Harris
Johnstone
Jones
Kennedy (Winnipeg
Larue
Lawson
MacDonald (Cape Breton)
MacLaren
MacNicol
Factor
Bertrand
Rhéaume
Ahearn
Mercier (St. Henri)
Euler
Dubuc
Hanson (Skeena)
Deslauriers
Hepburn
Howard
Blair
Hurtubise
Ilsley
Verville
Ferland
Elliott
Bothwell
Fafard
Michaud
Boulanger
Goulet
Mercier (Laurier-Outremont)
Rutherford
Lapointe
Perras
Jacobs
Donnelly
MacLean
McIntosh
Thauvette
Gray
Urquhart
Fiset
Rennie
McDade
McGibbon
McGregor
Maloney
Morand
Nicholson
Perley (Qu'Appelle)
Perley, Sir George
Pettit
Rowe
Ryerson
Short
Smoke
Spotton
Stevens
Stinson
Stitt (Selkirk)
Thompson (Simcoe)
Tummon
Turnbull
White (London)
Dupuis
Power
Fournier
Young
Parent
Bradette
Munn
Marcil
Bouchard
Lacroix
Taylor
Heenan
Pouliot
MacMillan (Mackenzie)
Malcolm
Hall
Weir (Macdonald)
Jean
St-Père
McPhee
Gershaw.

Mr. HALL: I was paired with the hon. member for Victoria (Ont.) (Mr. Stinson). Had I voted I would have voted against the motion.

Mr. YOUNG: I was paired with the hon. member for South Renfrew (Mr. Maloney). Had I voted I would have voted against the motion.

Mr. TURNBULL: I was paired with the hon. member for Yorkton (Mr. McPhee). Had I voted I would have voted for the motion.

Mr. MacLAREN: I was paired with the hon. member for Rimouski (Sir Eugene Fiset). Had I voted I would have voted for the motion.

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

Mr. RENNIE: I was paired with the hon. member for Toronto Northwest (Mr. MacNicol). Had I voted I would have voted against the motion.

Mr. WHITE (London): I was paired with the hon. member for Medicine Hat (Mr. Gershaw). Had I voted I would have voted for the motion.

Mr. BAKER: I was paired with the hon. member for Prescott (Mr. Bertrand). Had I voted I would have voted for the motion.

Mr. BOYES: I was paired with the hon. member for West Elgin (Mr. Hepburn). Had I voted I would have voted for the motion.

Mr. MacDONALD (Cape Breton South): I was paired with the hon. member for Colchester (Mr. Urquhart). Had I voted I would have voted for the motion.

Mr. THOMPSON: I was paired with the hon. member for Maisonneuve (Mr. Jean). Had I voted I would have voted for the motion.

Mr. KENNEDY (Winnipeg): I was paired with the hon. member for North Battleford (Mr. McIntosh). Had I voted I would have voted for the motion.

Mr. RYERSON: I was paired with the hon. member for Norfolk-Elgin (Mr. Taylor). Had I voted I would have voted for the motion.

Mr. SMOKE: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted I would have voted for the motion.

Mr. GARLAND (Carleton): I was paired with the hon. member for Russell (Mr. Goulet). Had I voted I would have voted for the motion.

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Had I voted I would have voted for the motion.

Mr. BOWMAN: I was paired with the hon. member for Skeena (Mr. Hanson). Had I voted I would have voted for the motion.

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

Mr. MUNN: I was paired with the hon. member for Qu'Appelle (Mr. Perley). Had I voted I would have voted against the motion.

Mr. BOUCHARD: I was paired with the hon. member for Welland (Mr. Pettit). Had I voted I would have voted against the motion.

Mr. STITT (Selkirk): I was paired with the hon. member for Macdonald (Mr. Weir). Had I voted I would have voted for the motion.

Mr. STEVENS: I was paired with the hon. member for North Bruce (Mr. Malcolm). Had I voted I would have voted for the motion.

Mr. FACTOR: I was paired with the hon. member for Halton (Mr. Anderson). Had I voted I would have voted against the motion.

Mr. BOTHWELL: I was paired with the hon. member for Hastings-Peterborough (Mr. Embury). Had I voted I would have voted against the motion.

Mr. BEAUBIER: I was paired with the junior member for Ottawa (Mr. Ahearn). Had I voted I would have voted for the motion.

Mr. LARUE (Translation): I was paired with the hon. member for Vaudreuil Soulanges (Mr. Thauvette). Had I voted I would have voted for the motion.

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

Mr. FOURNIER (Translation): I was paired with the hon. member for South York (Mr. McGregor). Had I voted I would have voted against the motion.

Mr. RHEAUME (Translation): I was paired with the hon. member for Berthier-Maskinongé (Mr. Barrette). Had I voted I would have voted against the motion.

Mr. DUBUC (Translation): I was paired with the hon. member for Halifax (Mr. Black). Had I voted I would have voted against the motion.

Mr. DESLAURIERS (Translation): I was paired with the hon. member for Three Rivers (Mr. Bourgeois). Had I voted I would have voted against the motion.

Motion agreed to and bill read the third time and passed.

BANK ACT AMENDMENT

CONDITIONS GOVERNING TEN YEAR EXTENSION OF BANK CHARTERS

The house resumed, from Friday, June 1, consideration in committee of Bill No. 18, respecting banks and banking.—Mr. Rhodes —Mr. Hanson (York-Sunbury) in the chair.

Mr. RHODES: The first clause which stands is clause 5.

On section 5—Bank charters continued to July 1, 1944, as to some particulars.

Mr. MACKENZIE (Vancouver): On this clause I want to move an amendment which I moved in the committee on banking and commerce. I move in section 5 in lines four and fourteen where the words "forty-four" occur, to delete the same and substitute therefor the words "thirty-nine."

Mr. RHODES: The effect of this amendment is of course obvious, namely, to extend the charters of the banks for a period of five rather than ten years, which latter extension has been the practice during the last half century. I do not allege that because this

has been the practice during the last half century, therefore necessarily it must be followed for all time, but I suggest that we can gain something by the experience in this respect of past years. The argument which I used when this amendment was submitted in the committee on banking and commerce was that it is too short a period and introduces an unnecessary element of uncertainty not only among the shareholders of the banks but as to the stability and permanent characteristics of our banking institutions themselves. While my hon. friend has not done more than support the position that he took in the committee, I must point out that I do not see that any good object would be accomplished by shortening the period during which the tenure of charters is to be extended, for the reason that while it is true under the provisions of the bill we extend the charters for a period of ten years we do not necessarily thereby debar ourselves from reviewing from time to time banking legislation. The question of the charter and its length is one thing; the question of the character of the legislation is another, and I have in that connection only to point out that after the last decennial revision, although the charters were at that time extended for a period of ten years, at the very next succeeding session of parliament the Bank Act was brought into the house and amended in a very important particular in providing for a system of bank inspection and the appointment of an inspector general of banks. Under those circumstances I feel no good purpose can be served by the amendment; in succeeding sessions revisions may be made, and in the public interest I must submit that this amendment cannot be accepted.

Mr. MACKENZIE (Vancouver): I fully appreciate the argument adduced by the Minister of Finance. It is exactly the same as he presented in the committee on banking and commerce. The main reason I submit this amendment at the present time is that during the present session we are going to pass a new bill, the Bank of Canada Act, which will absolutely change the entire financial system and structure of Canada and will set up a new system of interrelation between chartered member banks and the central bank of Canada. I think it will be a matter of profound importance not only to this parliament and the financial community but to the general community as well to witness how the interrelated functions of these institutions are going to be carried out in the next few years. I quite agree with the Minister of Finance that we can amend the Bank Act from year to year if we desire to do so. In the case he mentioned, however, I think it was done because of the Home bank incident. I quite agree that we could do the same thing next year or the year after, but I do think it should be a function of this parliament, especially since this bill has been passed practically without material or important alteration of any nature whatever, to take every possible precaution to see that we are in a position to review these charters at the end of five years not at the instance of any government that may be in control but as a matter of statutory right, as passed by this parliament.

I may express my own personal disappointment in the fact that this legislation has come before us practically as it was sent to the committee on banking and commerce, though I must commend that committee for its tremendous diligence and the hard and patient work it has done in considering the various sections of the bill. However, I am profoundly disappointed with the legislation now before parliament, and I do think I am interpreting the feelings of the Canadian community when I say that as a matter of statutory right we should have an opportunity to review this legislation again not in ten years but in five years.

Mr. HANBURY: I rise to support the remarks just made by my colleague from Vancouver Centre. The Minister of Finance referred to the reviews that have taken place in years past. We did not have a central bank in Canada in years past, so the precedent to which the minister refers is hardly a good precedent in this connection. I only regret that my colleague from Vancouver Centre (Mr. Mackenzie) did not make his amendment two years, because I believe that after the central bank has been functioning for a year we will find it necessary to do much in the way of amending the Bank Act. So I suggest to the minister in all sincerity that he would do well to accept the amendment of my hon. friend, because I really think it is in the interests of the people of Canada, of the banks themselves and of the better administration of the central bank that the banks should know that within a shorter period than they might expect otherwise they will come before a committee of parliament which will review the manner in which they have adapted themselves to the developments under the central bank act. Therefore I suggest to the

minister that he reconsider his decision in connection with this matter and give consideration to the amendment submitted by my hon. friend from Vancouver Centre.

Mr. RHODES: I have only one word to add; it is that my argument submitted immediately after the amendment was moved by my hon. friend from Vancouver Centre holds equally good with respect to what has been just said as to the Bank of Canada. The length of time for which the charters are extended is one thing, but the character of the sections of the Bank Act and their amendment is another thing. There is nothing to preclude—nay, on the contrary I would say there would be an obligation on parliament to do so—a review of the Bank Act in one, two, three or four years if the experience of the new combination of the Bank of Canada in its relation to the general banking structure and our chartered banks should call for it. In these circumstances I adhere to the view I expressed previously, that we cannot accept the amendment.

Mr. HANBURY: I submit to the minister that there is a distinction between the right of parliament to review this legislation in one, two, three, four or five years as the case may be, and the duty of parliament to bring the chartered banks of Canada before a committee of this house, where their acts and the acts of the central bank may be reviewed in order to bring them to that degree of conformity which will best serve the interests of the people of Canada. One is a question of right while the other should be, I think, at this particular time, a matter of duty, to see that the chartered banks of Canada so conduct themselves during the coming two, three or four years that they will best meet the wishes and desires of the people of Canada. Again I suggest to the minister that he reconsider the acceptance of the amendment submitted to him.

Mr. CASGRAIN: There is another point also. It has been said that the Bank Act was amended after its revision in 1923, following the incident of the Home bank. Possibly if the Bank Act had been revised at an earlier date conditions would have been disclosed that would have made the House of Commons and the committee reviewing the act aware that something was wrong, and the failure of the Home bank might have been avoided. Distressed circumstances and depression have prevailed for the last few years. Perhaps if the revision of the Bank Act had been carried out some years ago, instead of being left until this year, we might have been able to ascertain the condition of the banks, the credits they were extending, the new enterprises they were promoting, and so on. We might have been able to prevent the inflation, the aggrandizement of business and the speculation which brought about the depression we are facing to-day. So I think the amendment of the hon. member for Vancouver Centre is well advised and brought forward at the proper time. I do not think it would work any harm if we accepted the amendment. Then it would be the duty of parliament to revise the Bank Act and look over the internal management of the banks in order to see how they are operating and whether the activities they are developing and fostering are in the best interests of the Canadian people.

Mr. SPENCER: I wish to support the amendment of the hon. member for Vancouver Centre (Mr. Mackenzie) for the reasons that have been put forward and which I am not going to repeat, except to say that while the Minister of Finance admits that we can change this act from year to year, if we do so we change only specific sections of the act. On the other hand if the charters are reconsidered we go through the whole act very thoroughly indeed. There is no comparison between the work we do when we amend a section or two of the act and the work we do when we review the act every ten years. The principal officials of the banks have been before us for some weeks; they have been cross-examined thoroughly and have given us some very valuable information. We would like to see them oftener than once in ten years.

I might remind the minister also, when he says the act can be changed any year we wish to do so, that in 1931 I submitted an amendment to section 91. The argument put forward at that time was that it was no time to change the Bank Act. I submitted the same amendment the following year, and the argument put forward then was that the act would come up for revision in 1933, and therefore there was no need to change it then. We came to 1933, and the Bank Act was amended to extend the charters for one year. Then the revision did come along, and the government saw fit to enact exactly the amendment I suggested three years previously. This amendment to section 91 has been clamoured for by the people of Canada for some years, and I am quite sure that if the whole Bank Act had been before us some years earlier there would have been

such strong public opinion behind the members of this house that this amendment would have been made several years ago. As the hon. members who have just spoken have said, the parliament of Canada is setting up the Bank of Canada, and there is not the slightest doubt that some very important amendments probably will be suggested, which may have the effect of materially changing the Bank Act. I do feel, with the other hon. members who have spoken, that due to the changes taking place from year to year, and to the experiences we have had in the past, it would be the course of wisdom to have these charters extend for a five year instead of a ten year period.

Mr. RHODES: May I say a word in reply to the hon. members for Battle River (Mr. Spencer) and Charlevoix-Saguenay (Mr. Casgrain) in addition to what I have already stated. We have gone a long way in giving charters for a limited period, and we have done it because it is recognized that periodic revisions should occur as necessity arises. But I submit if we shorten the period to less than that length of time which has been found reasonable in this country we are introducing an element of instability into a permanency which we should like to see surrounding our banking institutions. We must bear in mind the fact that it is always open to parliament to cure any defects which may be found, in the light of experience, to creep into existing banking legislation.

Mr. COOTE: I agree with the minister that parliament has authority to change the Bank Act at any time it wishes, but in my experience in parliament during the last fifteen years the fact that the charters expire every ten years is used by governments as a reason for refusing to make changes in the act when sometimes the public feel that changes are necessary. For that reason I agree with the amendment which has been moved. For the last four or five years the credit situation in Canada has not been satisfactory to the general public, and the public did expect some changes to be made in the Bank Act. As we have the act now before us, reported from the committee with practically no fundamental changes—although I must say the committee put in several weeks of very faithful work—I think the case has been well put by the hon. member for Vancouver Centre and the hon. members who followed him. I think there is good reason for making the change. This is one of the important sections in the Bank Act. Perhaps we are the only country in the world which issues limited charters. We are always told that Canada has the best banking system in the world. Perhaps we could make it a little better by renewing charters for only five years; therefore I hope the committee will support the amendment.

Mr. HANBURY: I wish to say one word arising out of the remarks of the minister. He has said it is always open to us at any session of parliament to revise bank charters. May I say that we might have the same privilege at any session of cancelling bank charters. I am not particularly concerned with having revisions of the Bank Act at shorter periods. I am firmly convinced that under ordinary circumstances the ten year period is short enough. But my point at the present time is that I believe the government would have been well advised to defer the revision of the Bank Act until next year, and until the central bank has been in operation for a year. Had the central bank been in operation for a year or longer I would agree with the minister that a ten year period is not too long. But in view of the central bank legislation I suggest to him that we should leave the obligation upon parliament and upon the commercial banks of Canada to see that the Bank Act is reviewed shortly after the establishment and operation of the central bank. I am going to suggest to the minister once more that this particular section should be allowed to stand for the time being in order to give the government an opportunity further to consider whether it would not be in the general interest to have the five year term. I am suggesting that in view of the establishment of the central bank it should be a two year term.

Mr. RHODES: I can assure my hon. friend that the government has given the matter the most careful consideration, and I express the considered view of the government when I take the position I have taken to-night with respect to the proposed amendment.

Mr. HANBURY: I am satisfied with the assurance that after giving this matter full consideration the government has decided that the banks shall continue in operation ten years after the establishment of the central bank, which is now an institution in Canada, regardless of what action may be necessary in that regard.

Amendment (Mr. Mackenzie Vancouver) negatived on division.

Section agreed to on division.

On section 20—Qualification of directors.

Mr. SPENCER: I have an amendment to move as follows:

That there be inserted after subsection 3 of section 20, the following subsection:
(4) No minister of the crown in the dominion government shall be elected or continue to be a director of a bank.

This matter has come before the House of Commons on several previous occasions. It was discussed in 1921, and the suggestion was supported by nearly half the hon. members sitting here at that time. It was brought up again in 1922, upon which occasion it was supported by a very large number of members. My aim is not a criticism of members generally being directors of banks; my objection is to ministers acting as directors, because of the fact that the ministry has direct connection with the banks which they are supposed to control. I believe a minister is placed in a false position if, when acting as a minister of the crown, he is allowed as well to be a director of a bank.

Amendment (Mr. Spencer) negatived on division.

Section agreed to on division.

On section 21—Election of directors.

Mr. RHODES: I believe this section stood because No. 20 was allowed to stand.

Section agreed to on division.

Sections 28 and 29 agreed to on division.

Sections 32, 53 and 55 agreed to.

On section 57—Quarterly or half-yearly dividends.

Mr. COOTE: I move, Mr. Chairman, that subsection 1 of section 57 be amended by adding thereto the following words:

But such dividend and bonus, if any, shall not exceed the rate of six per cent per annum on the paid up capital and reserve fund.

I should like to say in support of this amendment that the banks are, as has been stated in the committee, quasi-public institutions, and their business should not be primarily that of making money. If they are allowed to declare dividends to the extent of six per cent per annum on the paid up capital and reserve fund, I think that is making ample provision for the shareholders.

Mr. ERNST: What happens to anything over?

Mr. COOTE: Anything that was over would be added to the rest account of the bank.

Mr. HANBURY: Then they could pay dividends on that.

Mr. COOTE: The purpose of this amendment is to discourage the banks from trying to make too large profits for their shareholders. It would be a good thing for the banks themselves because every bank is interested in the market price of its stock. If it is known to the public that they are not to pay more than this rate of dividend the public will not run the stock up to too high a price on the stock market, and there will be less fluctuation in the price of that stock on the market. I think in the interests of the public and of the banks themselves the committee would be well advised to add this amendment to section 57.

Mr. HANBURY: I regret that I cannot support the amendment of the hon. member for Macleod (Mr. Coote). I assume that his theory is that he is going to assist the borrowers of money, in western Canada particularly, and I suggest to him that if he is going to limit the dividends which the banks are paying, all of the money in the bank, or most of it, will remain in eastern Canada where the banks will have greater security, and so the producers in western Canada whose security is perhaps not as high as the security in eastern Canada will not be able to borrow money from the banks.

The hon. gentleman refers to the market value of bank stocks. I fail to see where the market value of bank stocks has anything to do with the general business of banking. One is a stock exchange proposition, and the other is strictly a banking business. I suggest that in the interests of producers in western Canada who find it necessary from time to time to come to the bank and pay perhaps a higher rate of interest than the hon. member and I would like to see them have to pay, but which is necessary under the circumstances if they are to borrow money at all, we must not restrict the banks but must enable them to make that extra money so that they will serve that portion of the community in western Canada as well as other parts of Canada where the security is perhaps not as great as the banks might receive if they were lending their money at a lower rate of interest, on which they would pay perhaps the lower rate of dividend that my hon. friend suggests. Therefore I cannot support the amendment moved by the hon. member for Macleod.

Mr. COOTE: I do not wish to delay the committee, but in reply to my hon. friend from Vancouver-Burrard (Mr. Hanbury) I would say that some people are foolish enough

to judge the soundness of a bank by the market price of its shares, and for that reason the management of a bank as a rule is a little anxious about the market value of its shares. There is no question about that. When the market price of its shares is falling I am sure the management of a bank is concerned, because the public, not knowing any better I suppose, very often take that as a sign of weakness in that bank. That is not the fact, but if the public are of that opinion it is highly desirable that the market price of bank shares should not be fluctuating outside of very reasonable limits.

Amendment (Mr. Coote) negatived on division.

Section agreed to.

On section 59—Cash reserves in dominion notes.

Mr. RHODES: I have an amendment to submit to this section in consequence of an amendment which was made to the Bank of Canada bill. It is as follows:

That the first clause of subsection 4 of section 59 of Bill No. 18 be struck out and the following substituted therefor:—

(4) The next three preceding subsections of this section shall be repealed on and from the date on which the Bank of Canada is authorized to commence business and on and after that date the bank shall maintain a reserve which shall, subject to the provisions of the Bank of Canada Act, be not less than five per centum of its deposit liabilities within Canada and which shall consist of a deposit with the Bank of Canada, and of notes of the Bank of Canada held by the bank;

Mr. MATTHEWS: I move accordingly, Mr. Chairman.

Mr. MACKENZIE (Vancouver): I am entirely opposed to this amendment. In the very dying hours of the committee on banking and commerce, without any previous notification to the members of the committee, an amendment was introduced to the Bank of Canada bill in regard to the five per cent deposit of the chartered banks with the Bank of Canada. The result of that amendment was a tremendous and almost immeasurable concession to the chartered member banks of Canada, and I object to this amendment passing without its having appeared in the votes and proceedings and the committee having been given full and ample opportunity of studying its significance. My own opinion is this. The first conception of the Bank of Canada bill of a five per cent deposit from the chartered banks has been absolutely destroyed by an eleventh hour amendment without any previous notice to the committee, and without the committee having seen that amendment in print. I know the Minister of Finance is absolutely sincere but I do not like to support the passing of a conjoint amendment to this Bank Act dealing with the same deposit without having ample opportunity of seeing the amendment in print and studying its possible implications.

Mr. RHODES: Without wishing to enter into an argument as to the merits of the position taken by the hon. member for Vancouver Centre (Mr. Mackenzie) may I point out that if his argument has merit—I do not intend to attempt to deal with the merit—it arises in connection with the Bank of Canada bill. It is necessary that this section must be in conformity with the provisions of that bill. Shall we put it in this way? If, when the Bank of Canada bill is dealt with, in the judgment of the house it is done so in a manner which is inconsistent with this amendment, we will have this bill amended either here or in the Senate if necessary.

Mr. MACKENZIE (Vancouver): I know the minister will give us ample opportunity, but it is quite possible that this bill might be past its third reading before Bill 19 is brought down for consideration. To my mind the change which was made with regard to the five per cent deposit is the most vital change which could be made in either bill number 18 or bill number 19. The chairman knows that in the committee on banking and commerce I suggested, and I suggest now, that the amendment would change very radically and comprehensively the features of both bills. I am not criticizing the fact that the minister failed to introduce this amendment, because this bill had already left the committee before the amendment was made to bill 19 which makes the present amendment necessary. I quite realize that, but I think I am within my rights in asking that this particular amendment should stand. We can deal very quickly with the other sections of this bill, but to my mind this is a very important and far-reaching amendment. It is a tremendous eleventh hour concession thrown in without any consideration whatsoever by the banking and commerce committee. I do not think the banking and commerce committee had a proper opportunity of studying the implications of this last minute change. I am not criticizing you, Mr. Chairman, the committee or myself. We had two and one-half months of hard labour to get these bills before this house and committee for consideration. Personally, I should like to give more study to the implications and consequences of the changed structures of both bills

due to the eleventh hour amendment which takes away the five per cent deposit which the chartered banks of Canada were compelled or supposed to leave with the Bank of Canada when the legislation was submitted to this house and to the committee on banking and commerce.

Mr. RALSTON: Subsection 4 also deals with the reserves against external liabilities and as I understand the amendment which the minister has just read, it leaves out that provision. It is a provision which should be in this bill, because it is possible that these reserves will not be with the Bank of Canada. The latter part of this subsection reads as follows:

—and the bank shall also maintain with the Bank of Canada or elsewhere adequate reserves against liabilities elsewhere than in Canada, and furnish such information as may be required by the minister from time to time to satisfy him that such reserves against external liabilities are so maintained.

As I understand the amendment of the minister, no reference is made to reserves against external liability.

Mr. RHODES: Perhaps the fault is mine in not having read the amendment more slowly. My amendment referred only to the first clause of subsection 4. Perhaps it is not properly worded. Perhaps the amendment and the section should stand. I would point out that it must be amended in conformity with the corresponding section in the Bank of Canada bill, and if, when we come to that bill, it is found that that section is altered out of conformity with this amendment, I will undertake to see that a corresponding amendment is made in this bill.

Amendment stands.

Section stands.

Section 60 agreed to.

On section 75—Business and powers of bank.

Mr. RHODES: When we were last in committee I suggested an amendment to paragraph (g) of subsection 2, which will be found on page 3582 of Hansard. This amendment is designed to permit a bank's name to appear on prospectuses or advertisements in respect of certain types of securities which are peculiar to the province of Quebec. The word "related" in line three should be deleted, the words "corporation or" should be added after the word "school" and the word "board" should be deleted. The amendment would then read:

That paragraph (g) of subsection 2 of section 75 be amended by inserting the words "or school corporation or parish trustees" after the word "municipality" in line six of the said paragraph, and by inserting the words "or unless provision is made for the payment thereof and the interest thereon by a province pursuant to its statutes" at the end of the paragraph.

Mr. MATTHEWS: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 88—Loans to certain wholesale dealers.

Mr. CASGRAIN: I think it is my duty to move again the amendment I proposed in the committee for the purpose of protecting the unpaid vendor. I move:

That subsection 7 of section 88 be amended by adding after the word "months" in the seventeenth line thereof, the following words, "and any claim by an unpaid vendor of or in respect to such products, wares, goods and merchandise to the amounts remaining unpaid" and by adding after the word "remuneration" in the twentieth line thereof the words "and such claim of an unpaid vendor."

Mr. RHODES: I am sure my hon. friend will not consider me as lacking in courtesy if I do not go over the ground we covered when the amendment was considered in committee. He will recall that the principal argument used against it there was that it had the effect of nullifying the intent and purpose of the whole section, and it was the judgment of the committee that for that reason among others it should not be accepted. For the same reasons I would ask this committee to reject it.

Mr. CASGRAIN: Those were the reasons given by the banking institutions this year before the committee, and the same reasons were advanced in 1923. I know, as a matter of fact, that a good many members of the committee at that time wanted to be present when the amendment was being brought forward before the committee. Apparently, at that time, there was only a slight attendance in the committee, but the matter was considered at some length; it took two hours to discuss it. In my opinion it is worthy of consideration because there are many cases where apparently people who want to borrow money from the bank, under section 88, have to become bankrupt themselves and assign everything they have before they can get a penny, with the result that the unpaid vendor goes away without a chance of being paid. If it is a case of insolvency the bank takes it all. We know of instances where the claims of widows and orphans have been left unpaid because, the trustees stated, there was hardly any money to meet the bankruptcy proceedings, and the bank, under sec-

tion 88, came and took all the rest. The banks have always had advantages under the act and we do not want to curtail their privileges. But they should be very careful to find out, when they receive a document signed by certain persons who want to borrow and offer certain security, that the goods upon which they give guarantees are all paid for and are their property. It is up to the bank to find out that this is so. The amendment should be considered further, because there are other members who wish to speak on it.

Mr. RHODES: It is obvious that we cannot make further progress to-night and I therefore move that the committee rise, report progress and ask leave to sit again.

Sections stands.

Progress reported.

RAILWAYS AND SHIPPING

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, will you be good enough to revert to motions in order that I may make a formal motion.

I move that the estimates respecting Canadian National Steamships and Maritime Freight Rates Act, reported on by the select standing committee on railways and shipping, be referred to the committee of supply.

Motion agreed to.

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

Friday, June 8, 1934

The house met at three o'clock.

UNEMPLOYMENT RELIEF

MONTREAL RELIEF ACCOUNTS

On the orders of the day:

Mr. G. P. LAURIN (Jacques-Cartier): Mr. Speaker, before the orders of the day are called I should like to put this question to the Minister of Labour: Has anything been done to help the city of Montreal in matters of relief, pending the checking up of the accounts of the city by the provincial officials?

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, the position of the city of Montreal has upon a number of occasions been the subject of some interrogations in this house. I have tried to make it clear that with respect to direct relief and other matters the province of Quebec is functioning under an agreement couched in the same terms as the agreement which prevails with the province of Ontario. During the past year, and particularly in the year 1933, great difficulty seems to have been encountered by the province of Quebec in rendering account to the dominion in order that the share of the dominion under the agreement could be promptly transmitted to the province of Quebec for payment to the city of Montreal. Just what the difficulties are I am not fully prepared to state, but the fact is that the dominion has not been receiving accounts from the province of Quebec.

Undoubtedly one of the difficulties is that the city of Montreal and the auditors of the province of Quebec have not been able to settle upon the proper amounts that are payable to the city of Montreal. The question has become acute, and for some time past this government has had under consideration some method which might be adopted in order to assist the city out of its present troubles. The province of Quebec as late as November last was urged to try to have its accounts submitted to Ottawa without the undue delay which had been experienced for many months prior to that date. But very little headway seems to have been made. The government, therefore, acting through myself, has to-day caused a message to be dispatched to the premier of the province of Quebec, reading as follows:

By reason of the prolonged delay which has occurred in respect of the completion by your provincial officials of the audit of the city of Montreal's relief accounts, and the acute financial difficulties which that city is experiencing by reason of the consequent non-payment of the dominion and provincial proportions of the same, the dominion on the assumption that there will be approximately $3,000,000 payable by the dominion and an equal amount by the province, under the terms of the agreement, is prepared to make an accountable advance to the province of Quebec of $3,000,000 which with an equal amount from the province in respect of its share would provide the city of Montreal with $6,000,000, and greatly improve its present financial position. The proposed advance by the dominion would be made on the same terms as similar advances have been made to other provinces for similar purposes. At the same time I would again stress the importance of the provincial audit of Montreal's accounts

being carried out with all possible expedition in order that a financial adjustment of the dominion's accountable advance above referred to can be made with the least possible delay.

BANK ACT AMENDMENT

CONDITIONS GOVERNING TEN YEAR EXTENSION OF BANK CHARTERS

The house resumed from Thursday, June 7, consideration in committee of Bill No. 18, respecting banks and banking.—Mr. Rhodes—Mr. Smith (Cumberland) in the chair.

On section 88—Loans to certain wholesale dealers.

Mr. CASGRAIN: There was an amendment before the committee when it rose last night along the line of the amendment which I proposed in the committee on banking and commerce, and which I reintroduced in committee of the whole last night. The amendment was left over at the request of the minister for consideration and discussion. My purpose in moving the amendment is to protect the unpaid vendor as against the claim of the bank. The object is to put the unpaid vendor on the same basis as all the other persons mentioned in this clause, which has in view the protection of the wages, salaries or other remuneration of persons employed by any wholesaler, purchaser, shipper or dealer. I submit the amendment for the consideration of the committee.

Mr. RHODES: Mr. Chairman, there is nothing that I feel I can usefully add to what I said in the committee last night. For the reasons then given and given also when the bill was under consideration in the committee on banking and commerce this amendment cannot be accepted.

Mr. CASGRAIN: Last night's reasons still hold.

Amendment negatived on division.

Section agreed to.

On section 89—Goods manufactured from articles pledged.

Mr. CASGRAIN: Again, Mr. Chairman, I have an amendment to propose which I also proposed in the committee on banking and commerce, and which is also for the purpose of protecting the unpaid vendor. It will be noted that this section gives the bank a claim prior to that of the unpaid vendor. That is the evil I want to cure, and which I tried to cure with respect to the previous clause, but without success. Although this amendment may meet with the same fate it is my duty to propose it. I therefore move that subsection 2 of section 89 be amended by striking out all the words commencing with the word "who" in the fourteenth line thereof down to the end of this subsection and substituting therefor the words "of or in respect of such products, goods, wares and merchandise to the amount remaining unpaid." This amendment goes with the other.

Mr. MACKENZIE (Vancouver): It certainly will.

Amendment negatived on division.

Mr. CASGRAIN: I have done my duty, Mr. Chairman.

Mr. FRASER (Cariboo): Mr. Chairman, I would like to take up a few minutes—

Mr. CASGRAIN: He may have more success than I had. He is on the right side.

Mr. FRASER (Cariboo): I am very fearful of it. I want to bring to the attention of the committee a matter that did not receive that full consideration that was intended in the committee on banking and commerce. If hon. gentlemen will turn to volume No. 11 of the proceedings of the committee on banking and commerce they will find the following minute on page xi:

> Mr. Fraser (Cariboo) proposed that subsection (19) of section eighty-eight be amended by making it possible that the notice of intention provided for by this section shall be registered not in the office of the assistant receiver but at some appointed county office.
>
> It was agreed that the subcommittee should consider the advisability of amending those subsections of section eighty-eight which deal with the registration and cancellation of the notice of intention. The matter of the subrogation of the rights of a guarantor to be considered at the same time.

May I say that the first part of this minute was attended to by the committee but for some reason which I have not had explained the last part of it "the matter of the subrogation of the rights of the guarantor to be considered at the same time," was not dealt with and no report was made by the subcommittee to the committee on banking and commerce. I therefore move the following amendment:

> That section eighty-nine of Bill 18 be amended by adding thereto the following subsection:—
>
> (4) Where payment of a loan made by a bank under the provisions of section eighty-

six or section eighty-eight of this act is guaranteed by a third person and such loan is paid by the guarantor, such guarantor shall be subrogated in and to all of the powers, rights and authority of the bank under the security which the bank holds in respect of the said loan under the provisions of the said sections eighty-six and eighty-eight.

Mr. RHODES: Mr. Chairman, I have consulted the Department of Justice with respect to this proposed amendment which was moved by my hon. friend in the committee on banking and commerce, and while I have not a final opinion from them they raise the question as to whether it is really competent in a matter having to do with banking to go beyond the bank and attempt to provide by way of legislation with respect to other creditors, having in mind the fact that the question has a bearing upon property and civil rights, which is a matter under the exclusive jurisdiction of the provinces. For that reason alone I feel that it would be unwise to place an amendment in the act which might prove of no avail.

I might point out further that the difficulty which my hon. friend has in mind in moving his amendment has not arisen in practice to any appreciable extent. The section in question has been in force for some fifty years. There was some question bearing upon this point which arose in the decision af the case of the Victor Varnish Company, in re Clare's claim, reported in 16 Ontario law reports, 1908, but that is some twenty-six years ago. Notwithstanding that decision there has not been any demand made upon the department nor any suggestion offered, except that made by the hon. member for Cariboo, that the section should be amended. Under all the circumstances I feel that the amendment should not be entertained.

Mr. RALSTON: Has the minister any objection to the spirit of the amendment on its merits?

Mr. RHODES: I might say that I have none.

Mr. RALSTON: I sympathize entirely with the spirit of the amendment. It seems to me that there is no good reason why a man who guarantees a note to the bank should not be placed in the same position as the bank with regard to security when he pays that note. Of course, we must bow to the opinion of the Department of Justice with regard to the constitutionality of such a provision but I think there is a great deal of room for argument that it is part of a genuine banking bill to provide that guarantors of obligations to banks, which are incidental to banking business, should have certain rights with respect to the security which the bank holds. It seems to me that this is a distinct improvement in our banking legislation and will facilitate banking. It will make a man a little more ready to assist his neighbour or his partner in connection with obligations if he knows that he will be subrogated to the rights of the bank in connection with the securities which the bank holds. I wonder if the minister feels that he should not go further with this matter and pursue his inquiry as to the constitutionality of the section, especially when he has no objection to the amendment on its merits.

Mr. RHODES: There is no objection to it on its merits. I quite agree with my hon. friend that it would appear that the object which the hon. member for Cariboo has in mind is desirable. I would suggest two courses. The first is that the committee should accept the amendment on the understanding that if an adverse opinion is received from the Department of Justice, the amendment can be dealt with in the Senate. Secondly, we might pass the section without the amendment and if in the meantime a favourable opinion is secured from the Department of Justice, an amendment could be made in the Senate. Either of these courses would be quite acceptable to me.

Mr. HACKETT: I believe it is already the law in some provinces.

Mr. MACKENZIE (Vancouver): I think the first course would be the better one, to have the committee accept the amendment moved by the hon. member for Cariboo (Mr. Fraser).

Mr. MacLEAN: I think there is a great deal to be said in favour of the amendment. I think in amending the Bank Act, further consideration should be given to the position in which a guarantor is placed in connection with a bank. Once a guarantor or an endorser has placed his name on a note, the bank does not worry very much about the man who gets the money, they simply look to the endorser in every case. I have known of cases where the bank would not even cross the street to attend a creditors' meeting. They claim they have a certain man on the note and that they look to him for payment. They will not even put themselves out to send a second notice to the man who really got the money but they will go after the endorser who has no recourse but to pay. Quite often the bank will not even take

action against the man who really got the money. They will take a joint action against the two, but they will not take single action against the man who got the money and walked away with it. I think that is very poor protection for a man who endeavours to accommodate or assist another and I think the amendment moved by the hon. member for Cariboo (Mr. Fraser) should receive consideration. I feel that it should go much further.

Mr. RHODES: I do not profess to be competent to pass an opinion upon the legal phase of this question, which is the sole point I raise. I raised that point by indicating that the officers of the Department of Justice had grave doubts as to whether or not the constitutional question might be involved. It seems to me that we could meet the situation in one of the two ways I have suggested. If the committee desires to take responsibility and have this section amended, I have no objection. On the other hand, I would endeavour to expedite the receipt of an opinion from the Department of Justice and if it were favourable, an amendment could be made in the Senate. Either course is acceptable to me.

Mr. ELLIOTT: It seems to me that an act which permits a guarantee to be paid should be able to provide for the guarantor being protected if he has to pay the guarantee. While I would not for one moment express an opinion in opposition to the Department of Justice, I feel satisfied that the department will say that if power is given to guarantee the bank the guarantor can be protected, either by the guarantee providing that upon payment he shall receive whatever securities the bank holds or in some other way. I suggest that the amendment be passed subject to the understanding that if the Department of Justice says it is not constitutional or that it cannot be so varied as to be made constitutional, it can be changed later on.

Mr. RHODES: I have already indicated that that course would be quite acceptable to me if it is the wish of the committee.

Mr. RALSTON: I suppose this will not apply to members of parliament.

An hon. MEMBER: They would not accept one as a guarantor.

Mr. FRASER (Cariboo): I am quite satisfied that this amendment should be incorporated in the bill with the understanding that the Senate may delete it if it feels so inclined.

Mr. MACKENZIE (Vancouver): Do not make any suggestions to them.

Amendment (Mr. Fraser, Cariboo) agreed to.

Section as amended agreed to.

On section 91—Interest exceeding 7 per cent shall not be charged.

Mr. NEILL: I thought there were to be some amendments to this section. I have been asked by a board of trade to bring up a matter in connection with subsection 4, the one which deals with the charge for keeping accounts. There is a general feeling that this is unfair. Of course, as regards private people, the contract would be between two parties and if one did not like it, he could go somewhere else. But the banks have practically a monopoly and there is no opportunity to go somewhere else. It is felt that the bank should give this service although it may not be exactly profitable in the case of some individuals. I think this matter was brought up in the committee but apparently nothing was done about it and I should like to hear from the minister.

Mr. RHODES: I think the practice of making what is called a service charge is entirely fair and proper. It is only made in the case of those accounts where without a charge being made the bank would be doing business at a loss. Inasmuch as the section protects the indivdual by providing that there can be no charge made except the individual affected agrees, it seems that no injustice is done. For these reasons I think there can be no objection to the subsection as it stands.

Mr. NEILL: That would be all right if there was any choice of banks, but very often there is not. Even if there are two banks in a community, they have practically a monopoly. The subsection states that there shall be no charge unless by express agreement between the bank and the customer but I understand the banks take the position that they are entitled to make such a charge when a man signs for his cheques at the end of the month and certifies that the account is correct. They contend that that is an acceptance of this agreement. I understand that in the case of stores placing on their accounts the words "interest charged on overdue accounts" it is held not to be a valid agreement even although the man who gets the bill makes payments from time to time. It is held that an express written agreement is required before a storekeeper can charge interest on overdue accounts. Has there ever been a ruling as to

whether it is considered sufficient for the bank merely to make a charge, and because the customer accepts his account as correct, as stated, whether that binds him without an express agreement? Do the words express agreement require any obligation in writing?

Mr. RHODES: With all deference, there is in my judgment nothing in the point that the individual has no alternative inasmuch as there may be only one bank in the community and therefore no opportunity for him to go elsewhere, having in mind the fact that the charge itself might and probably would be a reasonable charge, or rather that the principle of charging would be reasonable. This matter was inquired into by the Royal Commission on Banking and Currency and is referred to in paragraph 257 at page 74 of their report. They state:

> The reasonableness of the banks making by agreement charges for services rendered in administering active accounts, when the customer offers no collateral or compensating advantage to the bank, has been recognized by the Bank Act, and rightly so. Any other mode of procedure would result in the shifting of the costs of performing certain services from one class of customers to another class.

I have only to add, with respect to the further query of my hon. friend, my belief that in practice the customer always signs a printed document which constitutes the agreement.

Mr. FRASER (Cariboo): With regard to these service charges I have only one or two observations to make after listening to what the bankers themselves have had to say in this respect. These charges, in practice, are not nearly so innocent as they look when you are discussing the matter in the way we are. I only want to bring to the attention of the committee a case that came to my notice when I was travelling around the country and coming in contact with men whom I scarcely knew. I could cite a dozen instances, but the most striking example I submit now to show what is the actual practice in connection with these charges. This man lived in an outlying community and he told me he had been in the habit of carrying balances for months before the time of the occurrence—balances anywhere from $3,000 to $5,000. He was a general merchant in an outlying community. On a certain day he knew he had a number of obligations coming due and cheques that would be presented—it was a mail day—and he was very busy in his store. He overlooked making the deposit until after three o'clock. He went to the bank after three o'clock with a sufficient deposit to more than take care of the obligations he had, but the bank was closed, and the next day when he went to clear up the deposit the manager charged him fifty cents for taking care of an overdraft of seventy cents during that time. I submit that as an actual occurrence, and I am satisfied that this man was telling the truth.

I have no objection to a service charge that is reasonable, but I want the general managers of banks to understand the situation. In actual practice the conditions which, impliedly, they lay down to their branch managers, are not carried out; their instructions are adhered to altogether too strictly. I think it would be well therefore for the banks to take up this matter to see whether they cannot loosen up on their instructions or have managers who will not follow those instructions as definitely and consistently as they do.

Mr. RHODES: Assuming the facts—and I do not call them in question—to be exactly as stated by my hon. friend from Cariboo, it seems to me that the only inference to be drawn from them is, to put it mildly, that that bank is unfortunate in having a manager with bad judgment.

Mr. DUFF: And the customer was easy.

Mr. RHODES: That is as far as I go. However, the fact that he has brought forward this rather exceptional case; the fact that the matter was discussed in the committee on banking and commerce; and the further fact that the attitude of mind with respect to instances of that character has been brought home to the management of the banks, leave every reason to hope that these instances will be few and far between. They do not arise of necessity out of the statute, because they represent merely the abuse and not the proper use of the statute.

Mr. COOTE: One great difficulty in connection with this matter of charges by banks is that there does not seem to be very much uniformity in the practice carried out in different sections of Canada, and sometimes not very much uniformity within certain sections. The complaints are many and varied. Of course, we anticipate some complaints, but I do not think there is much use discussing the matter at any great length in this committee; we discussed it at some length in the banking committee. It is a very difficult matter to legislate upon, but in some instances charges have been quite exceptional, running to as high as $2.50 a

month for a comparatively small account. One case was brought to my attention where the charges amounted to $4.50 for one month, in the case, too, of a man who was discounting a great many notes. As I say, it is a matter which it is very difficult to legislate upon and I am rather of the opinion that the only way to deal with it satisfactorily is to set up some sort of tribunal to whom aggrieved persons may appeal if they think they are unfairly dealt with by the banks in regard to service charges. Many of these people live in communities where there is only one bank, and the banks are becoming more and more in the nature of public service institutions, so that before very long, in my opinion, some method will have to be devised of regulating service charges.

Section agreed to.

Sections 99, 112, 124 and 125 agreed to.

On section 138—Unauthorized issue of notes for circulation.

Mr. COOTE: Section 138, if carefully examined, will be admitted by many members to be very objectionable indeed. The effect of this section is that only banks can issue money or substitutes for money; more than that, it is only banks which are chartered by this act. This gives these banks the absolute monopoly of the issue of the medium of exchange. If people have goods and services to exchange and have no money and can get none from the banks, why fine them $400 if they can invent a substitute for money? That is something I cannot understand. Is not this section putting people in so far as the issue of money is concerned at the mercy of the banks? Clause 138 reads:

> Every person, except a bank to which this act applies, who issues or reissues, makes, draws or endorses any bill, bond, note, cheque or other instrument, intended to circulate as money, or to be used as a substitute for money, for any amount whatsoever, shall incur a penalty of $400.

It seems to me that a cheque is either money or a substitute for money. Which is it? Any person other than a bank that issues a cheque is liable to a fine of $400. It is true that there is perhaps an exception under subclause 4 if the cheque is for less than $20 but even in such a case it is only when the cheque is payable directly to the creditor of the immediate issuer that it is not considered a substitute for money. If that cheque passes through the hands of a third or fourth person, then under the terms of subsection 4 it becomes a substitute for money and the issuer is liable to a fine of $400. If the cheque is for more than $20, according to this section it is a substitute for money, it would be a contravention of the clause itself. It is money or a substitute and it is a contravention of this clause because it is not issued by the banks. The whole clause appears to me to be very objectionable and bad law.

I would also address this question to the minister: What about a cheque issued on a trust or loan company? There are thousands of these cheques issued every week. Are they money or substitutes for money? As I understand the matter, they must be either one or the other. Under this section there seems to be the possibility of endless litigation. It is bad legislation, apparently designed to give the banks the monopoly of the issuing of our medium of exchange.

Subclause 3 which provides for a moiety of the penalty to the informer is bad law and should have no place in this bill. It is a disgrace to parliament to pass subclause 3 which provides that a moiety of the penalty goes to any person who becomes an informer. That is bad enough when it is incorporated in the Customs or the Excise Act, but to put it into such a respectable measure as the Bank Act is beyond my imagination, and as I said before, it is a disgrace to parliament if we pass it.

Subclause 4 reads:

> The intention to pass the same as money shall be presumed.

I would invite hon. gentlemen just to take a few minutes to study this subclause which reads:

> If any such instrument is made for the payment of a less sum than $20, and is payable either in form or in fact to the bearer thereof, or at sight, or on demand, or at less than thirty days thereafter, or is overdue, or is in any way calculated or designed for circulation, or as a substitute for money, the intention to pass the same as money shall be presumed.

Surely that is bad law. It is contrary to the old English maxim that a man is innocent till he is found guilty. It says:

> The intention to pass the same as money shall be presumed—

Then it goes on to say:

> —unless such instrument is a cheque on some chartered bank paid by the maker directly to his immediate creditor.

Again I raise the point: What about this cheque when it goes into the hands of a third or fourth party? What if it is drawn on a loan or trust company? What if it is for more than $20? I think clause 138 should be deleted from this measure—and I hope I shall have the support of many hon. members in the committee—because there are certain

features which are so objectionable and I cannot see any necessity for their being in the Bank Act. If there is necessity for placing anywhere in the statutes of Canada the provision that no one but the banks should issue money, it should be in some other act than the Bank Act, which applies only to banks, and anything of this kind having to do with organizations other than banks should be stated in the criminal code or in the Currency or the Dominion Notes Act which deal with the particular business of issuing money. I appeal to the minister to allow the deletion of clause 138 from the bill.

Mr. RHODES: My hon. friend will appreciate the fact that there must be some protection for a country's currency. It may be arguable whether it is good policy even from a national viewpoint that the privilege of issuing currency should be delegated to banks. I need not enter into that question for the very obvious reason that the Bank of Canada Act provides that ultimately the whole of the currency shall be issued by a quasi-national institution, the Bank of Canada. Therefore in very large measure, whatever force there may be in the hon. member's argument, it falls to the ground for the reason it is in the interests of the state itself that it should preserve its currency inviolate.

As regards his reference to the provision with respect to cheques, he must bear in mind that the statute itself provides that it is only in those cases where such cheques are used as a substitute for money with the object of defeating the note circulation privilege that any of the penalties would apply.

I do not propose to enter into an argument with him as to the question of the provisions of subclause 3 of this clause. I may say to him very frankly it is a provision of the law that I do not like, but that is only my personal view. It does not follow that because that provision has been in the law for years and years it must therefore remain, but I may point out to the committee that the same provision is found in numerous other acts touching various services of government and if we are to be consistent we should not make fish of one and flesh of another. If parliament in its wisdom—and I would not quarrel with it—were to decide that that principle should be abandoned and disappear entirely from our legislation, I would be quite in accord but I do not know that we should centre our objections to it upon the Bank Act in particular. I have only this to say, that my information is that in the light of experience this subclause has not lent itself to abuse and so far as I am aware no harm has been done to the public by reason of that provision having been in the Bank Act for a period of years.

There is, I know, in some quarters the opinion that there should be the right on the part of municipalities to issue scrip. There are no doubt instances where that privilege might be exercised with benefit to the particular community and with no detriment to the banking situation in the country, but if that policy were recognized as a general thing it would have a tremendously disturbing effect upon the country's currency and credit which, I say, should be entirely under the control of the central authority.

Mr. COOTE: I am glad the minister holds subclause 3 rather in, I suppose I might say, disrepute. As we are considering this whole section, I will suggest two amendments here which I would like to have considered separately. The first one deals with subsection (2). I move:

That section 138 be amended by striking out subsection (2) and substituting the following:—

Such penalty shall be recoverable with costs in any court of competent jurisdiction by the Attorney General of Canada.

The section now reads:

(2) Such penalty shall be recoverable with costs in any court of competent jurisdiction by any person who sues for the same.

It seems to me that if anyone is going to sue for this it should be the attorney general.

Mr. RHODES: I wish only to say that the proposed amendment should be considered in the light of the fact that there still remains in the section subsection (3). It would appear to me that my hon. friend should at least advise the committee that he proposes to move an amendment in connection with it.

Mr. COOTE: If I may interrupt I will state the amendment which I propose to move to subsection 3. The section now declares that:

A moiety of such penalty shall belong to the person suing for the same, and the other moiety to His Majesty for the public uses of Canada.

My objection to that section is the moiety belonging to the person who sues for the same. Under subsection 2 as it now stands there is of course an encouragement for someone to come and sue simply to get the moiety. I move:

That section 138 be amended by striking out subsection 3 and substituting the following:—

Such penalty shall belong to His Majesty for the public uses of Canada.

These two amendments when read together would provide that the penalty should be recoverable in any court of competent jurisdiction by the Attorney General of Canada, and that the penalty should belong to His Majesty for the public uses of Canada. It deletes the provision for a moiety, and would do away with that encouragement to any person to institute action to get a moiety of the fine. I think the two amendments as proposed are very reasonable and I hope will meet with approval.

Mr. RHODES: As far as the object my hon. friend has in mind is concerned I am in accord with it, but perhaps the amendments might be revised a little and incorporated in one subsection. There seems to me to be no object in having two subsections dealing with the one thing. If it is the sense of the committee, perhaps we could by redrafting incorporate the two subsections in one. I would not feel competent to express myself upon the legal effect, but with the object my hon. friend has in mind I am in agreement.

Mr. COOTE: I am very pleased at the attitude the minister has taken in this regard, and shall be very glad to leave the matter of drafting to the department. Perhaps the item might stand for the officials to draft something satisfactory to the minister.

Mr. CARMICHAEL: I am not sure of the meaning of this proposed amendment. I understood the term proposed was, the Attorney General of Canada. Does that mean that one official in the dominion will take action in any province, or does it mean the attorney general of any province? As a matter of fact I believe the term is solicitor general rather than attorney general, is it not?

Mr. HACKETT: There is in all legislation which affects the crown—and currency is now to become almost the exclusive prerogative of the Central Bank, which will be very closely associated with the government—a sanction for infringing on any of its rights. Theft of a piece of rope from the Marine department, theft of a postage stamp from the post office, and similar shortcomings of relative insignificance are visited with very heavy penalties. Defacing money or fabricating money has been classified with misdemeanours of this type. The issue of money or the attempt to issue something that has the appearance of money has always since the very first days of the Bank Act been considered very reprehensible, and severe penalties have been provided to preserve from encroachment this right of issuing money. I do not know that there have been many people who have suffered under this provision, because there are sections in the criminal code which deal with similar offences. If we strike out subsection (3), do away with the moiety system, I do not suppose any great harm will result, but we are breaking in on the moiety system, which has been introduced, as the minister stated, and maintained in all legislation in which the property of the crown is involved and an attempt made to protect it. I think this much at least can be said against any change in the section.

Mr. RHODES: Will my hon. friend from Shelburne-Yarmouth (Mr. Ralston) direct his attention to section 168? I am inclined to the view that if it should be the sense of the committee that the moiety system should be departed from in this act, our object would be accomplished by striking out subsections (2) and (3), because section 168 provides procedure which I think covers the case in point, and would make it unnecessary to have any provision whatsoever with respect to procedure in this section. If that is correct I think our object would be accomplished by merely striking out the two subsections, assuming that it is the will of the committee that that should be done, for I am quite content that the judgment of the committee should prevail.

Mr. RALSTON: It looks as if that is the effect of section 168, if the word "imposed" means the same thing as the word "incur" in section 138. Section 138 says that every person—shall incur a penalty—, and section 168 says that the amount of the penalty imposed shall be recoverable at the suit of his Majesty instituted by the Attorney General of Canada. I do not know whether the word "incur" is used all the way through the bill. If it is, it is intended that the word "imposed" shall cover all those sections. To make it clear, and sure, I would amend section 168 subsection (1) to read, "The amount of all penalties imposed upon or incurred by" and so on. In this way we would make the proper provision.

Mr. RHODES: I differ from the hon. member for Shelburne-Yarmouth in his construction of the section, although it would occur to me that if a penalty were imposed upon an individual—

Mr. RALSTON: If it were incurred by him it would be imposed upon him.

Mr. RHODES: But the point I make is that it could not be imposed unless it had

been incurred. It would seem to me that the word "imposed" is more comprehensive, and would include the lesser term. However, I do not wish to argue with my hon. friend because I am prepared to accept his judgment as to construction.

Mr. RALSTON: Other sections include the word "incurred."

Mr. RHODES: Hon. members may take the sense of the committee on the wisdom or otherwise of deleting subsections (2) and (3). Then, if it is thought necessary, at a later period we could deal with section 168, so as to make it clear.

The CHAIRMAN (Mr. Smith, Cumberland): I think we had better deal with each subsection. Shall subsection (1) of section 138 carry?

Mr. IRVINE: If the committee is going to deal with the section by subsections I should like to say something on subsection (1). Could we not deal with subsections (2) and (3), as to whether or not they should be deleted.

The CHAIRMAN (Mr. Smith, Cumberland): Subsection (1) stands.

Mr. RHODES: Well, why not go on with it.

Mr. COOTE: If the chairman would accept an amendment, I would be prepared to move that subsections (2) and (3) be deleted. Probably that would serve the purpose of testing the committee.

Mr. RHODES: I cannot see any object in allowing subsection (1) to stand, and proceed to deal with (2) and (3). It seems to me we had better proceed with them in their proper order.

Mr. IRVINE: We have been passing the whole sections, without going into details, except in cases where there were amendments. I had intended to raise some objections to the whole clause, and I thought it would be better to do so after the amendment now before the committee had been disposed of. That was my intention, because the objections I wish to raise are more fundamental than even the objections which have been taken to subsections (2) and (3). This is the clause which grants a complete monopoly to the banks of Canada on not only the currency, as was pointed out by the minister, but on the credit of the country, something which is very much more important than currency, so far as volume and use are concerned. I agree with the minister that we must have protection for the country's currency. I presume he means there must be protection for the notes of the Bank of Canada which will be issued when that institution functions, and the bank notes now being issued by the chartered banks.

In connection with this section however we are more interested in retaining a little power from the banks for other institutions such as municipalities, and so on, so as to use credits which the banks may not be willing to grant them under banking policy. I presume it is within the knowledge of every hon. member of the committee that there are cases when as a matter of banking policy a municipality may not be allowed to borrow. Nevertheless, that municipality by the issuing of certain credit instruments, if it were not prevented by this section, could not only carry on successfully its public services, but could succeed in collecting a great percentage of the taxes which otherwise would not be collected. We have instances in the province of Alberta where municipalities, despite this act, have actually issued what they call scrip, have issued it with success and have been able to carry on. But they did that only when they were refused credit by the banks, under ordinary banking policy. While it may be necessary to grant certain powers to the banks, under subsection (1) and while it is necessary to protect the currency of the country, I say it is also necessary that the municipalities of Canada should have the right to use their own credit under circumstances when, owing to banking policy, credit is not available to them. I suggest there should be an amendment to the principal section making such provision.

Mr. LUCAS: I should like to endorse what the hon. member for Wetaskiwin has said, and should like to have some information on another matter. Section 138 provides a penalty for anyone other than a bank issuing money. If I may be permitted to refer to the preceding section, namely, 137, which I believe has been passed, and which provides a penalty for banks issuing an excess of notes, I would say that on September 30, the banks had a total note issue of $141,000,000; there was current gold and subsidiary coin amounting to $48,886,963, and dominion notes amounting to $127,214,267. On top of that the banks had issued credit to the amount of $1,427,723,609. The information I should like to get is as to where in this Bank Act authority is given to the banks to create this credit which serves the country just the same as money. Dominion notes are issued

under the Dominion Notes Act, currency is issued under the Currency Act, and banks are prevented by section 137 from an excess issue of notes, but when it comes to issuing credit, upon which 90 per cent of the business of the country is done, there is apparently no limit as to what the banks may do. As a matter of fact dominion notes, bank notes and subsidiary coin are, in other words, just chicken feed or what may be termed the small change of the country, while 90 per cent of business is done by cheques. Those cheques are issued on credit created by the banks. We find that in 1929 the banks had total loans of $2,358,544,498 extended on $188,740,522 composed of current gold and subsidiary coin and dominion notes. But in 1933 the total loans were reduced to $1,427,793,609, or a reduction of $930,000,000 in four years. I should like to know by what authority or where in the Bank Act is authority given to the banks to create credit to the extent of carrying on 90 per cent of the business of the country, when a penalty is imposed by a section in the Bank Act on any other person issuing anything which will pass as money, and when the banks themselves are limited in the issuing of notes.

Mr. RHODES: Mr. Chairman, the question raised by my hon. friend from Wetaskiwin and also by my hon. friend from Camrose are large questions of general policy which, even if I felt myself competent to discuss them at length with them, are not ones which properly arise in dealing with the carpenter work of the construction of this section in committee of the whole. I hope that my hon. friends will not expect me to reply in rebuttal of his observations with respect to the general question of credit and of the use of cheques as currency, and so forth. That issue does not arise in considering this section at all. I hope that he will not consider me discourteous if I do not attempt to cover again the ground which has been so frequently covered not only in committee but on the second reading of the bill.

Mr. LUCAS: Mr. Chairman, I was not a member of the committee and I do not know what discussion took place there, but I am sure that if any answer was given or decision arrived at in the committee it would be very easy for the minister to say what that was. We know what the penalty is to-day for anyone who is termed a counterfeiter or produces money in any way outside the terms laid down in the statute. He will soon find himself behind the bars. This section is exercising the minds of a great many people in Canada to-day, and I think it is generally recognized that ninety per cent or even more of the business of the country is done on credit created by the banks, and I think we should have something more definite than what the minister has said in regard to the authority given to the banks to create this form of money.

Mr. COOTE: If my memory serves me right, Mr. Chairman, we had great difficulty in the committee getting a definition from certain bankers of the term money. On one occasion I suggested that bank deposits were money, and the majority of the committee disagreed with me and said no. I think a very interesting point has been raised by the member for Camrose. It seems to me it is this: Does the difference which he mentions between the total deposits in the banks and the amount of actual currency involved consist of a substitute for money? Is it a substitute for money? If it is, why should we impose a penalty of $400 on anyone outside the bank who issues a substitute for say $20 of money even though there might be plenty of assets behind it? Since the discussion has taken place on this section I am wondering if that is not the real purpose of this section to give the banks in an indirect way the right to issue a substitute for money and to withhold it from everyone else. Perhaps the minister would like to inform us on that point.

Mr. RHODES: All I can say to my hon. friend is that if with all his wide knowledge and his astuteness he was unable to get an answer from those who make the practice of handling money and currency their life work, surely he must spare such a humble individual as the Minister of Finance by not pressing the matter further.

Mr. IRVINE: The point is that the minister and this committee are considering subsection 1 of section 138, and we ought to know what powers we are conferring on the banks by that subsection. The question is whether or not their right to handle cheques and other instruments is a right to the banks to issue a substitute for money. If it is why should we penalize, say, a municipality which might on equally good collateral issue a substitute for money?

Subsection agreed to on division.

Mr. IRVINE: And only under protest.

The CHAIRMAN (Mr. Smith, Cumberland): I have two amendments here to subsections 2 and 3, by the hon. member for Macleod. Are these withdrawn and another one substituted in their place?

Mr. COOTE: If I have the consent of the committee, Mr. Chairman, I would withdraw those amendments and move that subsections 2 and 3 be dropped.

Mr. RHODES: Strictly speaking, that is not a proper form of motion because it is a direct negative. I think my hon. friend would accomplish his purpose if he would move that section 138 be amended by deleting subsections 2 and 3. I think that that would be an amendment.

Mr. COOTE: I move accordingly, Mr. Chairman.

Mr. BROWN: I do not presume to enter very deeply into a discussion of the Bank Act, but I must say that I am heartily in sympathy with what has been said in opposition to these subsections. They are just as offensive as that clause in the criminal code which provides that a man may sue for a prize that has been won in a lottery. I think that is objectionable to most people, and I think these clauses are also. I do not think a private individual should be allowed to benefit by a penalty that has been imposed by the courts, and I would be heartily in sympathy with striking out these two clauses. It is altogether likely that the matter is sufficiently covered, as the Minister of Finance has pointed out, by section 168.

Mr. CARMICHAEL: On first hearing the objections to subsections 2 and 3 of section 138 I agreed with the viewpoint that was put forward. I asked the question as to whether it was the attorney general in one person that was meant, and without having got any answer I believe that that is the intention of section 168, that the Attorney General of Canada is the only individual who would likely be qualified to take action in the case of any violation as outlined in subsection 1 of section 138. I would point out that subsection 1 outlines that any person who issues a cheque wrongly will not have any penalty imposed upon him or any action taken against him except upon some person or persons knowing the facts of the case submitting them to the Attorney General of Canada who resides in Ottawa. That means that the procedure would be very slow and very cumbersome. I recall that just last fall someone in my own community issued a cheque for I think $20 in the name of a certain prominent farmer in the community, cashed the cheque by buying some dry goods, and took the balance of the money and got away. He was detected within a day or so, but under this proposed amendment the only action that could be taken against that individual would be by the farmer notifying Ottawa, and Ottawa instituting an investigation and getting the facts of the case. Then action might be taken. It seems that while we are moving along a line that sounds good and looks good we are making it so slow of operation that we shall have such cases multiply throughout the dominion and have a very, very ineffective means of checking them.

[The Chairman.]

Mr. IRVINE: I think some of the lawyers should answer that.

Mr. BURY: Mr. Chairman, I have listened to what my hon. friend from Kindersley has said, but surely that would not be a case of issuing a cheque for the purpose of its circulating as money. It would, of course, come under the clauses of the criminal code, but I do not see how you could treat the cheque as a document which had been issued for the purpose of circulating as money. It had been issued to obtain either cash or goods for the individual, but it seems to me that that is a totally different thing. This section is not intended to cover such a case as that mentioned by my hon. friend.

Amendment agreed to.

Subsection as amended agreed to.

On subsection 4—Intention presumed.

Mr. COOTE: I should like to ask for a little information on this subsection. The subsection states that if any such instrument is made for the payment of a less sum than twenty dollars, and is payable either in form or in fact to the bearer thereof, and so on. I should like to know why the sum of twenty dollars is used. Exception (a) states:

A cheque on some chartered bank paid by the maker directly to his immediate creditor.

Does that mean that where a cheque is payable to bearer and is less than $20 and goes through three or four hands it can be presumed that it is a substitute for money?

Mr. RHODES: I must say that I am unable to get from the officials of the department a clear explanation as to why this is limited to $20. They advise me that this thing is likely to occur in the smaller denominations and it seems to me that that is the only explanation I can give to my hon. friend.

Mr. COOTE: A person making a cheque for $25 would be in a different category if he wanted to substitute it.

Mr. HACKETT: There are no $25 bills.

Mr. COOTE: Is this the meaning of this paragraph (a): If a cheque was drawn on a trust company instead of a chartered bank is it presumed that there is an intention to pass it as money, and would the issuer be liable to a fine of $400?

Mr. RHODES: This section is confined entirely to banks and has no reference to cheques drawn upon trust companies.

Mr. COOTE: I am trying to get the meaning of this paragraph (a). Surely it is not the intention to differentiate between a cheque drawn on a chartered bank and one drawn on a trust company, or a loan company or on any organization which is permitted to take deposits. I have had no training in the law and perhaps I am handicapped in discussing these acts.

Mr. RHODES: There are many things which I would like to understand. I may say that I asked the inspector general of banks why this distinction is made and he tells me that he has never before heard the point raised.

Mr. COOTE: I have never heard such an explanation given in connection with any other bill and this seems to put the Bank Act in a class by itself. I think section 138 proves this. As members of this committee we are charged with the responsibility of looking over these sections and trying to understand them before they become law. This is why I asked the minister for an explanation and I assure him it is not done to embarrass him in any way. I have often wondered about this matter. I think I asked for an explanation in committee but I may not have pressed the point to the extent I am pressing it to-day. If the officials or the minister have an explanation to make I should be very glad to have it, but I will not delay the committee unduly.

Mr. RHODES: I have given my hon. friend the only information I can give him on the point. That is the best information I can get from the inspector general of banks. However, I shall make further inquiry apart altogether from the committee and if I can secure some additional information I shall be delighted to pass it on to my hon. friend.

Mr. IRVINE: Supposing the minister gave me a cheque for $25 and I owed the hon. member for Macleod (Mr. Coote) the same amount; if I endorsed that cheque over to the hon. member, would I be violating this section?

Mr. HACKETT: No.

Mr. IRVINE: How do you know that such an instrument is not designed to circulate as money? How do we know when an instrument is circulating as money and how do we know when it is not?

Mr. RHODES: I would say that that is a question for the court.

Mr. IRVINE: It is the question which is before us at the moment.

Mr. RHODES: In the case referred to by my hon. friend it would be quite proper for him to endorse the cheque over in settlement of the amount. That would not be a case where a cheque was intended to circulate as money.

Mr. IRVINE: Would that be a case where it was not circulating as money?

Mr. RHODES: Yes.

Mr. IRVINE: When does a cheque circulate as money?

Mr. RHODES: That is a question upon which I would not be able to give a conclusive opinion.

Mr. IRVINE: It seems to me that it would be circulating as money in the instance I gave.

Mr. COOTE: There is another question I should like to ask in connection with lines 35 and 36 of the section, which contain the phrase "the intention to pass the same as money shall be presumed." I should like to know if it is necessary to use those words as they seem to me to incorporate something into the law which is hardly fair, particularly in connection with a law such as the Bank Act. This presumes that a person is guilty of circulating something as money without the necessity of the prosecution having to prove that it is so.

Mr. BURY: In the instance mentioned by the hon. member for Wetaskiwin (Mr. Irvine). if he passed the cheque on to the hon. member for Macleod (Mr. Coote), the hon. member for Macleod would find it very difficult to pass it on to someone else without his endorsation. In other words, a cheque cannot pass from hand to hand without the endorsation of the prior holder, but this is not so of money. Money passes from hand to hand without endorsation; in other words, it carries its value within itself, so to speak. It appears to me that that is what is meant by saying that a man is trying to pass an instrument as currency and circulating it as money. In order to use a cheque it would have to be endorsed by

every person who passed it. If that went on it would be circulating as currency before it was cashed, but there would be a limit to the number of endorsements which could be made upon the back.

Mr. IRVINE: There would be a limit but if you violated the act once I suppose it would be just as bad as if you violated it ten times. While the point raised by the hon. member for East Edmonton (Mr. Bury) is a worthy one, I doubt whether he will find the definition of money which he gives. I imagine that anything that satisfies a $25 debt is money, so far as we understand the functions of that instrument. In other words, anything that does what money does is money, whether it be a cheque or anything else.

Mr. BURY: I cannot follow my hon. friend in that. I could produce the same effect by driving a steer to his farm. The steer would not be money. We are talking of money as currency. Each time a cheque is endorsed it is not being used as currency, it is being used purely as a negotiable instrument requiring the endorsation of the present holder. As long as it goes on being endorsed, the custom and practice of business treats it as merely a negotiable instrument transferable in that way. But if you try to pass it on from hand to hand without endorsation, without an assignment by endorsation, you are then treating it as something that is per se currency, which requires no such formal act of assignment and carries with it no liability and no guarantee of its value from its prior holder. If you sign a cheque and I endorse it and somebody else takes it from me and endorses it again, each of us is liable, having put his signature on the back of it to give it validity and value. But you do not do that with a dollar bill or coin currency, because it is currency. As I look at it, as long as you treat a cheque as a cheque, requiring endorsation for assignment—endorsation and delivery—and the assumption by the prior holder of liability in case it is not cashed, it is not being treated as currency properly speaking.

Mr. RHODES: In the endeavour if possible to get a little more light in view of the interesting queries of my hon. friend from Macleod, I have looked up Falconbridge and I find in the edition of 1929 the following:

> This section dates from 1890, and was divided into its present subsections in 1906, ... the joint effect of this section and of the Dominion Notes Act, is to reserve to the chartered banks and to the government of Canada, the exclusive privilege of issuing notes intended to circulate as money.

The interesting point about this authority is that not a single case has arisen out of the act, which is somewhat exceptional. So that my hon. friend will not wonder that when I put the query to the inspector general of banks he was unable to give me any more light than I was able to pass on to the committee and to the hon. gentleman. The section has never even occasioned a suit so far as we know.

Mr. COOTE: I believe a suit was entered against at least one municipality and one school district in Alberta, although I do not know how it was decided. I think it was some time in 1933. A lawyer friend of mine gave me the following memorandum in regard to section 138:

> This section dates from 1890, and was divided into its present subsections in revised statutes, 1906, chapter 29, section 136. It relates to the unauthorized issue of notes for circulation, and its primary purpose is to prevent the issue of notes by anyone except the banks; that is to say, the joint effect of this section and section 60 of the existing Bank Act, together with the Dominion Notes Act, is to reserve to the chartered banks and to the government of Canada, the exclusive privilege of issuing notes intended to circulate as money.

That may be the intention, but it seems to me that the effect goes further and indirectly confers upon the banks the power to issue a substitute for money. That may not be the intention of the act but it may be the practical effect of it. Does the minister think that it is necessary to say, in line 35:

> ... the intention to pass the same as money shall be presumed ...

Is not that putting the onus of proof in the wrong place? Anyone issuing something that might possibly be regarded as a substitute for money is to have the onus of proving that it is not, instead of having that onus placed on the prosecution, to prove that it is a substitute for money.

Mr. RHODES: It is in a sense putting the onus upon the individual who passes something intended to be used as money, but it is only in the case of those documents or what not which obviously upon their face are intended to be used as money, and it especially exempts cheques, promissory notes, bills of exchange, bonds or other undertakings, so that in such cases the presumption does not follow.

Mr. COOTE: Take the case of the municipality that has been sued under this provision. It seems to me that the effect of these words, so far as the municipality is concerned, is to place the onus on it of going into court and proving that certain instruments are not intended to circulate as money. It does seem to me that this is something a bit unfair to put in the act. The onus ought to be on the prosecution to prove its case to the satisfaction of the court, rather than on the person sued to prove that it is not intended to circulate as money.

Mr. IRVINE: I think that among the definitions we should have a definition of money, since it is a very important part of the act. If the interpretation that has been given by the hon. member is a correct one, I would not have so much objection. If the municipality issued an instrument that was acceptable to a man who had built a highway or a road, and acceptable to the grocer for goods, and paid back in taxes, and if that were not money, then I am satisfied. But I should like to be assured that the courts will not hold a municipality doing such a thing as having violated this section of the act by circulating an instrument intended as money.

Mr. COOTE: I wish to bring this matter to some finality, because there is a good deal of information that some of us would like to have in regard to the section and which it seems difficult for us to obtain—perhaps we are going too far in asking for all these explanations. I would move therefore that section 138 be amended by deleting therefrom subsection 4. It seems to me that all that section 138 is designed to do is covered in subsection 1. I do not think that subsection 4 is necessary, and it is so ambiguous that I do not see how anyone can know what it all means.

Amendment negatived.

Mr. COOTE: I move that section 138 be amended by adding as subsection 5 the following:

The provisions of this section shall not apply to warrants, certificates or like orders issued by and redeemable by a municipality.

Mr. RHODES: That amendment cannot be accepted. The dominion government is endeavouring to centralize its undoubted sovereign power to issue money and while hitherto that authority under the Bank Act, has been delegated to the banks, under the provisions of the Bank of Canada Act the proposal is to withdraw that right gradually until the whole issue rests with the Bank of Canada. As I pointed out in the citation which I gave before, the object is to preserve for the dominion government the exclusive privilege of issuing notes intended to circulate as money. If we had a thousand agencies or as many municipalities as there are in the dominion issuing money we would have chaos and the obvious objection to the amendment appears on its face.

Mr. COOTE: It is not my intention to give the municipalities power to issue money, but I stated to the committee this afternoon that in at least one municipality in Alberta, a school district had suit entered against it because it was issuing certain forms, I do not know what name to give them—

Mr. HANBURY: Scrip.

Mr. COOTE: I do not know whether it is really proper to call them scrip because I do not think there is any good definition of scrip and certainly the act itself contains no definition of scrip. They might be called something in the nature of tax warrants. I do not think I would be moving this amendment if clause 138 as it stands were not so ambiguous that it might be considered that any order or warrant of this nature a municipality might issue would render them liable for suit. It is perhaps unfortunate we do not know whether that case has been finally decided, and, if so, what has been the outcome. But we know in some other countries municipalities that have made very good use of the issuing of what is termed scrip have been prevented by the action of banks in their own country from carrying on the practice. The same thing may prevent municipalities in Canada from issuing anything at all in the nature of orders or warrants which would enable them to put some of their idle people to work and to carry out local improvements through the labour of those men. Anyone who reads clause 138 and particularly subclause 4 must admit it is very difficult for a municipality to decide whether anything it may issue of that nature will not be a contravention of the section. Seeing that we cannot have subclause 4 stricken out, it seems to me that there is nothing left to do but to move the amendment which I have. I must admit we have had some difficulty in deciding upon the proper wording so as not to make the amendment sound unreasonable or unacceptable or offensive to the government. It asks simply that the provisions of this clause shall not apply to warrants, certificates or like orders issued by and redeemable by a municipality. I take it for granted

a municipality should have the right to issue something of that nature. Clause 138 gives to the banks an absolute monopoly of issuing anything that is money or even a substitute for money. Some of these municipalities have plenty of goods and services to exchange but they have no money and can get none and if by issuing certain orders of their own they can have unemployed people put to work, collect back taxes and have local improvements done, I do not want to be a party to putting into this legislation something that will prevent them from doing so.

I do not wish to delay the committee but I would like to draw attention to what has been accomplished in certain municipalities. The best example I can give at the moment is one the story of which is contained in a book by Professor Irving Fisher entitled Stamp Scrip. It relates to the experience of the Austrian town of Woergl where in 1931-32, 1,500 people had lost their jobs because a number of factories had closed their doors. The taxes, therefore, were in arrears, and the town itself was almost as down and out as these 1,500 of its inhabitants. The mayor of this town, I think a very shrewd man, adopted the idea of issuing stamp scrip. He had watched with very much interest a similar experiment in a smaller town and he arranged for the issue of a small amount of this stamp scrip. I am going to read only a paragraph or two at the end of the article. It says:

According to plan, on August 1, 1932, 32,000 schillings worth of the scrip (equivalent to about $4,500) was issued, in denominations of one, five and ten schillings.

This would amount to about one dollar per head of population.

This amount was later found to be in excess of the actual need, and instead of following an "inflationary policy," only about one-third of the issue or less was kept in circulation through reissues, the rest remained with the city.

These are the results. It says:

Soon everybody accepted it—

That is the scrip.

—without hesitation, because everybody else accepted it. The only cases of permanent refusal to receive the scrip are the post office and the railroad, both of which are government institutions with interests primarily outside of the vicinity where the scrip is supposed to circulate.

The attitude of the Austrian government has not been hostile.

As to the rate of turnover, the mayor reports that the amount of the first wages paid has returned to the city twenty times a month.

The other facts are contained in a report which the mayor of Woergl made to the Tyrol state government, January 1, 1933.

[Mr. Coote.]

I would like to draw the attention of the committee to these, I think, wonderful results:

Taxes had been in arrears from 1926 to 1931 as follows (year by year):

21,000 schillings.
26,000 schillings.
28,000 schillings.
31,000 schillings.
61,000 schillings.
118,000 schillings.

But after the scrip was issued, not only were current taxes paid (as well as other debts owing the town), but many arrears of taxes were also collected. During the first month alone, 4,542 schillings were thus received on the arrears. Accordingly, the city not only met its own obligations but, in the second half of 1932, executed new public works to the value of 100,000 schillings. Seven streets aggregating four miles were rebuilt and asphalted; twelve roads were improved; the sewer system was extended over two more streets; trees were planted and forests improved, and permanent jobs were given to from thirty to fifty of the 1,500 unemployed; but probably a powerful influence has been exerted to prevent any increase of unemployment, by keeping business active.

In this book there is related the experience of certain cities in the United States which made excellent use of the issue of scrip. I will not delay the committee any longer but I would repeat that if people in municipalities have goods and services they wish to exchange and they have no money, why should parliament say that they cannot issue anything in the nature of municipal orders or warrants which will enable them to exchange their goods and services, collect their back taxes and put their unemployed people to work? I do not think such action on their part should be considered a violation of clause 138; it is certainly not violating the purpose which clause 138 is intended to serve.

Mr. CARMICHAEL: This proposed amendment does sound quite unorthodox, and therefore I presume there are many in this chamber to whom it does not appeal. But I would like to remind the committee that conditions now, especially in our western country, are quite different from what they were until some four or five years ago. In times past rural municipalities could have their road work performed, and through a line of credit given them by a bank could issue a cheque in payment for it, the person performing the work could negotiate that cheque and with the proceeds buy his groceries and carry on. For the past three or four years that condition has not prevailed, especially in rural municipalities in western Canada. The road work is still to do and there are still people to do it, but many of our municipalities are not able to get a line of credit at

the bank. The road work should be done perhaps in the months of May and June, and the taxes for the payment of same are not available until perhaps September or October. There is a gap of three or four months in which the municipality has no money to pay the men who do the work. Those men have to buy their groceries, they have to have money to carry on current expenses. Under this proposal, as I understand it, it would be lawful for a municipality to issue a warrant, call it a day labour pay sheet or any other name you choose. They could give that instrument to the man who did the work in May or June, he could take it to his hardware store or his grocer and pay his account. The hardware man or grocer would hold the instrument until the fall and then turn it in to the municipality and secure the cash. As I understand that is what the amendment makes provision for. If that is so I think it is an amendment that this committee should consider. It will help a situation in western Canada which at the present time is bad and in need of redress.

Mr. RHODES: In practice, if a municipality finds it necessary to resort to certain expedients to meet a situation, it has been found that the situation can be met without difficulty arising from the Bank Act. Section 138 is only intended to apply to those cases where there is an attempt to issue documents which are to pass as money. The moment we attempt to open the door, giving authority to hundreds and thousands of municipalities in this country to issue money to circulate alongside of and perhaps displace the currency of the country as a whole, that moment we invite disaster. For that reason we cannot recognize any impairment of the exclusive right of the central authority, the Dominion of Canada, to provide for the control and issuance of that which passes as money. We cannot accept the amendment.

Mr. IRVINE: I think most of us will agree with the minister as to the necessity of centralized control of our monetary system, and that it would never do to let either individuals or corporations or municipalities issue currency and so forth. I think we all agree on that principle. But may I remind the minister that in our centralization we have confined the entire credit resources of this country to certain private institutions; first, our chartered banks, and second the Bank of Canada, which is also to be a private institution; that the basis upon which all these institutions operate is the wealth of the country or the credit of the people of the country; that these institutions will operate under a certain well accepted monetary policy,—that is well accepted by them—which monetary policy frequently does not operate advantageously to many of the people of this country. I would remind him further that there are times when it almost ceases to operate at all. But when those times come the people must still live, they must still build their sidewalks and finance their public institutions and collect their taxes, whether the banks say so or not. When such circumstances arise it is only reasonable that a municipality should have authority to use whatever resources may be available to enable it adequately to perform the public services. Now according to the best definition which this committee has obtained of money, which was given this afternoon by the hon. member for East Edmonton (Mr. Bury), these warrants asked for by the amendment would not be regarded as money. Moreover they would only circulate within the confines of the municipality that issued them. It does seem to me that it is not wise for this committee to prevent a municipality from using its own resources in the interests of its own community, by the use of any instrument that it may devise for the performance of these services, and to prevent them doing that in the interests of private bankers or private banking institutions. I hope the committee will consider the amendment favourably in this respect and permit municipalities to use their credit to carry on their public services, especially at times when banks pursuant to their policy cannot extend credit in the usual way, and by whatever name they choose to call the instrument by which they do it.

Amendment (Mr. Coote) negatived: yeas, 6; nays, 20.

Subsection agreed to.

Section as amended agreed to on division.

Section 151 agreed to.

On section 166—Unauthorized use of the title "bank" etc.

Mr. WILLIS: Mr. Chairman, I have an amendment. The present section 166 forbids the use of the expressions "savings bank" "banking company" "banking house" "banking association" or "banking institution." The purpose of the amendment is to make the section consistent and to include in it the word "banker." The amended section would read as follows:

166 (1) Every person using the word "bank" "banker" or "banking" either alone or in combination with other words, or any word

or words of import equivalent to any of the foregoing in any foreign language, in a sign or in an advertisement, or to describe his business or any part of his business, without being authorized so to do by this act or by some other act of the parliament of Canada is guilty of an offence against this act.

The whole purpose of the amendment is to include the word "banker" as the other words namely, "bank" and "banking" are now included. That is to say, it appears to me to be entirely inconsistent that the present section should forbid the use of the expression "savings bank" but not "savings bankers." It forbids the use of the expression "banking company" but not "bankers company." It forbids the use of the expression "banking house" but not "bankers house." The same applies for "banking association" and "banking institution." These are forbidden, but the section does not forbid the use of the words "bankers association" or "bankers institution." Those are the present limitations.

It seems to me, first of all, that we must be consistent, and that therefore we must include the word "banker" as well as the words "bank" and "banking." We should, I contend, be fair to those different institutions in Canada, including provincial savings offices. We forbid them to use the word "bank"; we forbid them to use the expression "savings bank" or to use the word "banking"; yet we allow brokers, without any control over them at all, to use the word "bankers." That is to say, in my view the use of the word "banker" implies the existence of a bank. To a degree, then, to use the word—

Mr. MACKENZIE (Vancouver): What about subsection (2) of section 166? Does that not refer to a "banker"? I have looked at the subsection only casually.

Mr. WILLIS: I have not looked at subsection (2), but subsection (1) is very clear in its use. It refers to a foreign language, and in so far as the private banker is concerned hon. members will notice that the amendment provides such banker must be authorized by some act of the parliament of Canada. That is to say, if there is an authorization, or if the parliament of Canada desires to authorize, then there may be the use of the word "banker." It seems to me that to use the word "banker" or the expression "investment banker" gives a sense of security which is not present. We should in my view carry out the spirit of the act. At the present time we debar them from the use of these various combinations of words, but we apparently overlooked the word "banker", or it was left in order to accommodate those who at that time had private banks and were private bankers.

We come directly, then, to the question of investment bankers, and the Investment Bankers' Association of Canada. Mr. Ward Pitfield appeared before the committee, the gentleman who is president of the Investment Bankers' Association of Canada. May I say that I have viewed the reports of that association, and I find that they include many of the outstanding bond dealers of this country. May I say, further, that I examined the association's report for the year 1929, and I found that among its membership were included some who later went into the institutions of this country.

Mr. HANBURY: On government relief.

Mr. WILLIS: Government institutions.

Mr. GARDINER: Sane, or otherwise?

Mr. WILLIS: Sane institutions. That is to say, the Investment Bankers' Association of Canada is a very estimable body of men, but it does not control its members. As Mr. Pitfield said, it is a voluntary association. It has no control over its members as indicated by the fact that some of them have gone elsewhere.

Lest I might be mistaken, and because I have nothing against the Investment Bankers' Association, I took the trouble to get some information from Lieutenant Colonel George A. Drew, commissioner of the Ontario Securities Commission, in regard to this very question. I must say that Colonel Drew agrees entirely with the proposal I now make. With the permission of the committee I should like to read two or three paragraphs from his communication because it seems to me that from my own personal information he is one of the experts in Canada on investment securities and in regard to brokers. In his letter of May 25, addressed to me I find the following:

> It seems inconsistent to me to prohibit the use of the word "bank" "banking" etc., and not forbid the use of the word "banker." If a man may properly be described as an "investment banker," then surely the business he operates must be an investment "bank." If it is not proper for other organizations than chartered banks to use the word "bank," it does not seem to me that a descriptive name should be used which suggests the operation of a bank.
>
> The Investment Bankers' Association is made up of leading brokers interested in the sale of securities for investment purposes, as distinguished from ordinary exchange operations. I am satisfied they are making every effort to develop better practice in this type of brokerage business, but even if the term

"investment banker" were unobjectionable in so far as it related to members of the Investment Bankers' Association, it must be pointed out that there is no limitation on the use of the words "investment banker" to members of this association, nor would it seem that there can be any justification for making such a limitation, unless some test of qualification were imposed other than mere membership in the association.

At present, many brokers not members of the Investment Bankers' Association are using the term "investment banker," and there is no provision either under the Bank Act or the Securities Acts of the different provinces to prohibit the use of this term.

My personal opinion is that the word "banker" should be placed under the same prohibition as the words "bank" or "banking."

Then, following a letter I had addressed to Colonel Drew in which I asked his permission to quote him, I received a reply giving the permission, together with the following paragraph:

I would only amplify what I have said by the following comment. The Investment Bankers' Association have a precedent for the use of their name in the fact that there is an Investment Bankers' Association of America. It is possible, however, that many of the members of the Investment Bankers' Association of America were in fact bankers, within the definition of the word "bank," as well as brokers. Most of them, of course, were not. But even with this precedent, I must say that I do not find any definition of the word "bank" in the Oxford dictionary which would seem to indicate that the word "banker" may properly be used to describe a broker.

I noticed that a casual question was asked Mr. Gundy one of the leading men in this country interested in investment securities, in reply to which he said that he called himself a bond dealer, and apparently did not favour the use of the expression "investment banker."

Another point comes to my mind arising from a discussion in committee. Mr. Pitfield was asked why he did not incorporate the Investment Bankers' Association of Canada, and he was at some difficulty to answer. The opinion was advanced by some hon. members of the committee that under our law it might be impossible for them to become incorporated in this country. That may or may not be true, but the fact remains that that was the opinion expressed at that time. For the reason that they use the word "bankers" it seems to me they should first incorporate, if they are to be given that permission. If they cannot incorporate, then, of course permission should not be given. It seems to me that they could perform all their functions—and no doubt they perform very useful functions—by the use of the expression "Investment Securities Association." We all admit that their business is to deal in investment securities, and it seems to me that they should be so designated.

The formal amendment which I now propose is not precisely the same amendment which I suggested to the committee. The amendment at that time was dropped to be brought up again in the house. The amendment which I suggested to the committee would have forbidden the use of the words "bank," "banker" or "banking," but would also include the use of the words "banking house," "banking association," "banking institution," "investment banker," "savings bank," or "banking company." Whether that be necessary or not I leave to the draftsman, but it seems to me that it is unnecessary that these words should be included because the words now used include any combination of words wherein the word "banker" is used. The form of the amendment is not a matter of material consequence to me but I think it is a matter of consequence to the people of this country that we should not allow the use of the term "investment banker" without any control whatever. The word "brokers" or "bond dealers" would be all right. We should be consistent. We should be fair to those whom we have permitted to use the words "bank" and "banking." I think, Mr. Chairman, that in order to bring the act up to date this amendment should be accepted. It will do away with the use of the word "banker" just as now we forbid the use of the words "bank" and "banking." We do that simply because over the use of the word "banker" we have no control but over the use of the word "bank" or "banking" we have control under an act of parliament of this country.

Mr. RHODES: Mr. Chairman, with the object that my hon. friend from Souris has in mind I am in entire sympathy. I do not think there is any question, if we were starting out with the Bank Act, with a clear field from the beginning, that such provisions as he has included in his amendment would be passed without hesitation. I think the reason why the section was not wider in its scope in the earlier years was that when the Bank Act first came into being there was a number of small, individual private bankers, and the name was not included at that time I believe in order to protect them in their businesses which they had acquired long before the Bank Act came into existence. They have now very largely, if not entirely, disappeared, and for that reason the inclusion of the word "banker" does not have the same force as it had at the inception. My

understanding is that when this section was dealt with in the banking and commerce commitee during my absence it was the sense of the committee at that time that the advisability of adopting this amendment was a question which ought properly to be left to the committee of the whole house rather than be decided in the banking and commerce committee.

I have only one observation to make. If the so-called Investment Bankers Association is a body corporate it is a question in my mind whether the rights which they hold have anything like the same force as in the case of the old banker who was in business before the Bank Act came into existence. I think we should surround the Bank Act with every conceivable safeguard to protect the public from those who might use names which would have the effect of leading an individual to believe that he was dealing with a chartered bank. I do not know that the rights of the Investment Bankers Association would be prejudiced if this amendment were to pass. It seems to me they ought to be able to conduct their business under a corporate name, such, for instance, as the Canadian bond dealers association, or some similar name. At all events, so far as I am concerned, I would like the committee to deal with the amendment of my hon. friend from Souris on its merits.

Mr. MACKENZIE (Vancouver): I agree with practically every word the minister has said, but we must realize that the permissions of subsections 1 and 2 of this section were inserted for a very definite purpose. In subsection 2 the word "banker" is specifically used, and from subsection 1 it is deliberately excluded. That has been the case for a great number of years, as the minister said, and it was done to protect certain vested interests. It is a question now whether by passing this amendment we are doing injury, without notice, to any interests. I quite agree that our main duty is to protect the public interest. I would suggest—I do not know if it is possible—that we might have some time limit, give them say, a year's notice or two, and that after that the word "banker" could not be used. I think it is somewhat unfair by an amendment moved in committee of the whole to abolish immediately the use of the word from the corporate title, and so Mr. Chairman, I am in the strange position of agreeing with the mover and with the Minister of Finance, and still suggesting that there may be some possibility of injury being done by passing the amendment moved by my hon. friend from Souris.

[Mr. Rhodes.]

Mr. WILLIS: If there is no further discussion, Mr. Chairman, I just want to say a word in reply to what my hon. friend from Vancouver Centre has said in regard to injury without notice. I think it is sufficient for our purpose that the amendment was moved in committee, that at that time we consulted and obtained evidence from the Investment Bankers Association of Canada, and that since then the matter has been before the public through the press for that entire length of time. It seems to me therefore that if there was going to be any real injury done it would have been made apparent either at that time or since by the president of that association or by others including such men as Colonel Drew, in charge of the Ontario Securities Commission, or the matter would have been brought to the attention of the mover of this motion. I moved this amendment in the banking and commerce committee, and I again move it here. So I think that the fear of my hon. friend from Vancouver Centre is largely removed and that the benefits that will accrue from accepting this amendment are much greater than any fears that have been expressed.

Amendment agreed to.

Mr. RHODES: Since the committee has adopted the amendment of my hon. friend from Souris I submit that perhaps we should drop subsection 2.

Mr. HANBURY: I should think so.

Mr. WILLIS: I move, Mr. Chairman, that subsection 2 of section 166 be deleted.

Amendment agreed to.

Section as amended agreed to.

On section 59—Cash reserves in dominion notes.

Mr. RHODES: When the committee was considering this section last night my hon. friend from Shelburne-Yarmouth (Mr. Ralston) pointed out that an amendment I had submitted at that time was defective in wording, and I agreed with him. I have had redrafted an amendment which I think fully covers the case and does away with the objection raised by my hon. friend at that time.

It is as follows; and I now move, Mr. Chairman:

That subsection four of section fifty-nine of Bill 18 be amended by striking out all the words down to and including "Canada" in the seventh line of the said subsection and substituting therefor the following:—

(4) The next three preceding subsections of this section shall be repealed on and from the date on which the Bank of Canada is authorized to commence business and on and after that date the bank shall maintain a reserve which shall, subject to the provisions of the Bank of Canada Act, be not less than five per centum of its deposit liabilities within Canada and which shall consist of a deposit with the Bank of Canada, and of notes of the Bank of Canada held by the bank;

If there is any question as to procedure, I will ask my colleague, the Minister of National Revenue (Mr. Matthews) to move the amendment.

Mr. MATTHEWS: I move accordingly.

Mr. RHODES: I might say that the hon. member for Vancouver Centre (Mr. Mackenzie) made some observations with respect to this section when we were previously in committee. May I suggest to him that if he desires to press these observations, it would be better to do so on the Bank of Canada bill. If, as a result of the consideration of that bill, this amendment would be out of line with that bill, an amendment could be made in ample time, either here or in the Senate.

Mr. MACKENZIE (Vancouver): I am not withdrawing my objection to the amendment and I shall reserve my rights to object.

Amendment agreed to on division.

Section as amended agreed to on division.

Mr. IRVINE: I understood that there would be no objection to the reconsideration of any clauses which an hon. member might ask should be reconsidered. I am sorry I was not in the committee last evening when section 29 was passed and I should like to request permission to reopen that matter for a few minutes.

Mr. RHODES: Certainly.

On section 29—Appointment of officers; salaries; security.

Mr. IRVINE: I desire to point out that the employees of banks are not perhaps as well paid as they might be, regardless of the fact that the bankers think they are getting a very good salary. These employees are required to take out bonds to protect the banks before they are allowed to operate. They are also required to contribute to a pension fund over which they have no control and which is sometimes handled in a way not pleasing to the employees. They have no organization to speak for them. I took up this matter in the committee and suggested that they should be permitted to organize like any other group of labour.

Mr. MITCHELL: I should like to move an amendment to section 29, subsection 2 of the bill:

That section 29, subsection 2 be amended by adding thereto the following words, "such officers, clerks and servants may have the right to organize for the purpose of protecting their interests with regard to such matters as wages, salaries, hours of labour and general working conditions."

One can hardly understand why such a section as this should be found in the statutes of a modern civilized state. This subsection states:

Such officers, clerks and servants may be paid such salaries and allowances as the directors or such officer, in the case of appointments made by him, consider necessary.

During the last century we have come a long way from that position. This year in Great Britain they are celebrating the martyrdom of the Tolpuddle martyrs. These men are recognized throughout the civilized world as the fathers of the modern trade union movement. Because of a reduction in the very small wages paid at that time, these men formed what was to be a friendly society. They were tried, convicted and sentenced to transportation to Australia for seven years. Because of the agitation and the arousing of public opinion in Great Britain they were eventually pardoned and to-day five out of the seven now lie in churchyards around London, Ontario. This government adhered to the treaty of Versailles which contains certain labour sections which were drawn up under the guidance of a former Prime Minister of this country, Sir Robert Borden. At the present moment a committee is sitting in Geneva drawing up conventions for the guidance of the governments which are members of the League of Nations. Only yesterday the Prime Minister (Mr. Bennett) pointed out the contribution which the trade unions had made to the life of Canada and Great Britain. He referred to the forces which were arrayed against the working men and women in their efforts to establish what they considered to be civilized and social working conditions. In these late days we now have a section of a bill being passed by this parliament which gives to the bankers of this country complete control over the daily lives of

the men and women engaged by them. I do not think any argument can be made against the right of these employees to organize if they so desire. This bill gives enormous rights to the institutions in question and I think it is only fair that some right should be given to the employees. They should be permitted to organize if they so desire to bring about what they consider to be fair conditions of employment. They should be permitted to negotiate around a common table with their employers in order to establish conditions which they think are fair and equitable. It gives me great pleasure to move this amendment and I hope hon. members of the committee will realize its justness and soundness. In my opinion it is in conformity with present day thought and with the opinion expressed yesterday by the Prime Minister.

I am not going to go into details of the low wages paid by the banks to their employees as they are already on record. These wages are a disgrace to any civilized institution. They ask men from eighteen to twenty-three years of age to work for as low as $300 a year. Ledger-keepers from the ages of nineteen to forty-six years work for as low as $400 per year. Tellers from the ages of twenty-one to fifty-five years, receive $500 per year. Accountants from the ages of twenty-one to forty-nine years receive $700 a year. Managers of the ages from twenty-seven to sixty-four years receive $1,200. Women clerks and stenographers from seventeen to fifty years of age receive $300. I ask that this committee consider this amendment on its merits. I might point out in conclusion that the principle of allowing these employees to organize has been endorsed by the Trade and Labour Congress, the recognized mouthpiece of organized labour in this country, at many successive conventions.

Mr. RHODES: Although the section has been passed I am quite content to have it reopened so that my hon. friend may move his amendment.

The CHAIRMAN (Mr. Smith, Cumberland): Is it the pleasure of the committee to adopt the amendment?

Mr. RHODES: This amendment or one very similar was moved when the act was under review ten years ago. It was moved by the present member for Winnipeg North Centre (Mr. Woodsworth) and it was pointed out to him by my predecessor, Mr. Fielding, that it was entirely unnecessary to have such an amendment in the act for the reason that the employees of banks already possess all the rights sought by this proposal. Notwithstanding that fact, and the want of logic in asking for such an amendment, seeing that these individuals already possess all these rights, the hon. member for Winnipeg North Centre proceeded to move his motion in committee of the whole house when the bill was here. We are met with precisely the same situation this time. My hon. friend from Wetaskiwin (Mr. Irvine) moved this same amendment, in the same terms, before the banking committee, in face of the experience and the logic of ten years ago, and he is here to-day in advocacy of it again.

Let me say to my hon. friend from East Hamilton that I am just as much concerned about the welfare of labour as he is, and he may be rather surprised to know that I am an advocate and always have been of labour organization and unionism. But the question of the rights of labour a century ago, resisted by statute, is quite another matter, because to-day those rights are recognized, and the privileges which my hon. friend seeks to give the employees of banks are enjoyed by them to-day, and have been for years. So that we are wasting the time of the house in playing on words when it is suggested that we are conferring a benefit on bank employees by adopting an amendment of this kind. The hon. gentleman speaks of the justice and soundness of this amendment. Well, any justice he seeks is already enjoyed by the employees of the banks; and so far as soundness is concerned, I submit with all deference and respect to the hon. gentleman that it is absolutely unsound to move an amendment to grant the employees of the banks something they already possess and which has never been denied them. In these circumstances I think it would be the part of wisdom to reject the amendment.

Mr. IRVINE: I anticipated that the minister or someone else would raise that argument. I am quite aware, and I am sure the hon. gentleman who moved the amendment was aware, that any group of people in this country have a right to organize. But that is not the whole story. It is just because of my experience of ten years ago and since that I am still interested in pressing that this amendment go into the Bank Act. We have passed in this act 170 clauses which protect the bankers, but we have not put in one single clause that protects the people who work for them. I know, as I am sure the minister knows, that while it is legal for any group of employees to organize, there are very effective means of preventing them from organizing, and those means have been put

into operation in this country. I know of several instances where bank employees have endeavoured to organize into groups. But what happens? It is a simple matter to prevent them, since it is part of the bankers' policy to change their employees from one community to another, and so if in a city there is an organization of bank employees, a change is soon made and those who belong to such an organization are moved and scattered all over Canada. And this is done just as often as they try to organize.

I know that the bankers do not wish their employees to organize; they frankly say so and use all the pressure that is in their hands to prevent it. This section is after all only a pious wish; it does not compel anything. But if it were included in the act it would at least encourage the employees to organize and it would reveal to the bankers that the parliamentarians of the country would like to see their employees organize to protect their own interests.

I submit that since we have granted such great privileges to these banking institutions and protected and safeguarded them in 170 clauses in this act, it is not asking too much that at least we express in one section the willingness to permit the employees of the banks to organize in order to protect themselves. Surely we all agree that it is not a fair wage for a young man to work for a year for $300. We have seen statements by judges—and not long ago—in pronouncing judgment on some bank employee charged with perjury, that the wages paid in the circumstances were such as practically to compel the man charged to do what he did. In view of these circumstances, and others which I do not wish to discuss now in detail, there can be no doubt that there is need for organization on the part of the bank employees.

I do not doubt that the minister is as anxious to assist labour as I or anyone else; I do not question that. But it is a matter of one's point of view in this particular, and I know from experience with working men that it is easy to prevent the organization of bank employees.

Mr. VALLANCE: If the amendment is adopted, does the hon. gentleman suggest that it will prevent a bank from moving its staff around in order to prevent them from organizing?

Mr. IRVINE: No, but it would encourage all bank employees throughout Canada to organize, so that no matter where they were moved to they could immediately affiliate themselves with an organization.

Mr. MACKENZIE (Vancouver): Why not make it compulsory?

Mr. IRVINE: I would rather make it compulsory, but I want to make the adoption of the amendment a little easier. If it were passed as merely a pious wish it would not be as effective as if it were compulsory, but if my hon. friend will move an amendment to the amendment to make it compulsory—

Mr. MACKENZIE (Vancouver): You believe in compulsion; I don't.

Mr. IRVINE: —I should be glad to support it. In order to get my hon. friend's support I left out the compulsory feature.

Mr. MACKENZIE (Vancouver): It means nothing as it is now.

Mr. RHODES: I do not wish to add anything further to what I have already said, except to express surprise that my hon. friend should ask parliament solemnly to take time to incorporate in a statute the expression of a pious wish. I do wish, however, specifically to take objection to his very sweeping statement that we have passed 170 sections for the benefit of the banks. The hon. gentleman was going very far afield when he made that statement. Let me say to him that the great majority of these sections are placed in the act for the protection of the people of Canada, and of the banking institutions themselves, for the people's protection. There are not one, two, three but dozens of penalty clauses and restrictions of a very serious nature upon the banks, and the tendency during each decennial revision has been to tighten up the Bank Act. It is true that certain privileges have been granted to the banks; they certainly must have some or they will not be able to do a banking business. I do not propose to enter into a discussion of that question, but it is very unfair and unjust that the impression should go abroad that we have spent our time for months past in the banking and commerce committee in preparing legislation which is designed to be of benefit to one section of the community, because that is not the case.

Mr. IRVINE: I also do not wish to be misunderstood. I quite agree that nominally a banking institution does and should give great service to the public, and I am not objecting to that phase of the matter. Nevertheless I still insist that the major portion of this legislation is in the interests of that institution, safeguarding it in every possible manner, and I feel there should be at least one clause which would favour the employees of the institution.

Mr. VALLANCE: I have no brief for the bankers. I might say in passing that I do not take second place even to the hon. member for East Hamilton (Mr. Mitchell) or the hon. member for Wetaskiwin (Mr. Irvine), in regard to knowledge of labour organizations. If they can show me that the adoption of this amendment will make it easier or possible for bank employees to become organized, then I am all for the amendment. But as I see the matter—and I see it as the Minister of Finance has just stated—there is nothing now to prevent them from doing the very thing my hon. friend suggests they should have the right to do.

Mr. MITCHELL: I am not going to brag about my knowledge of labour organizations; it is not necesasry for me to do so to prove my point, but I do not see why this subclause 2 is required in this measure. It manifestly gives the bankers power to say that the wages they shall pay have the driving force of parliament behind them and the employees have no say in the matter. Subclause 2 reads:

> Such officers, clerks and servants may be paid such salaries and allowances as the directors or such officer, in the case of appointments made by him, consider necessary.

I think the fairer kind of clause that should have been inserted there would have been a provision upholding a fair wage policy based on living standards as enunciated in the Labour Gazette of Canada.

Mr. VALLANCE: If the hon. member makes such an amendment, I will support it.

Mr. MITCHELL: I disagree with the hon. member for Wetaskiwin. I do not want to restrict this simply to trade unions; I want to make it cover any form of labour organization.

Mr. HANBURY: The hon. member is not looking for compulsion.

Mr. MITCHELL: I know what I am talking about. What I want is the same rights given to the employees to organize; they should have in the legislation of this country just as many rights expressed as those the employer has. I believe the subclause is unnecessary; it smacks of chattel slavery. Where parliament provides what I might call the right of the employer by law to pay his employees whatever wages he deems necessary, that is a kind of dictatorship and not democracy. Frankly I think the amendment would at least give leadership to those employes, telling them they have in this legislation the same rights in connection with their working conditions as their employer has in connection with subclause 2 of this particular clause. This takes preference over the minimum wages laws in the provinces so far as such laws exist.

Mr. HANBURY: It cannot.

Amendment (Mr. Mitchell) negatived on division.

Section agreed to.

Bill reported; amendments read the second time and concurred in.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

RESIGNATION OF MR. M. F. HEPBURN

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

House of Commons, Canada,
Ottawa, June 8, 1934.

The Hon. George Black,
Speaker of the House of Commons,
Ottawa, Canada.

I beg herewith to tender my resignation as member of the Canadian House of Commons for the constituency of Elgin West.

M. F. Hepburn (L.S.)

Witness:
A. Goulet, M.P. for Russell.
Peter Heenan, M.P. for Kenora-Rainy River.

I have accordingly issued my warrant to the chief electoral officer to make out a writ of election for the said electoral district.

Mr. MANION: Where does he go from here?

Mr. HANBURY: He is going to be the next premier of Ontario.

PRIVATE BILLS

SECOND READINGS

Bill No. 85, for the relief of Mary Mabel Taylor Johnson.—Mr. Bell (St. Antoine) for Mr. Lawson.

Bill No. 86, for the relief of Blanche Marjorie Short Hanson.—Mr. Bell (St. Antoine).

Bill No. 87, for the relief of Fenwick William Smith.—Mr. Heaps.

CANADA SHIPPING ACT

Hon. ALFRED DURANLEAU (Minister of Marine) moved the second reading of Bill No. 91, intituled an act respecting shipping.

He said: In rising to say a few words on the second reading of this bill I think it is proper

to give a brief history of the merchant shipping laws as they affect Canada.

When confederation was formed in 1867 Canadian shipping was governed almost entirely by the merchant shipping laws or acts of the United Kingdom, because they were expressed to apply throughout the whole empire. It is true that the English laws contained provisions giving authority to the legislature of any British possession or any part of the empire to enact legislation repealing or modifying any provision of the British law relating to ships registered in Canada, and to regulate the coasting laws of those possessions. But it was provided that these enactments should not come into operation until approved and confirmed by Her Majesty, and that all British ships should receive the same treatment.

Shortly after confederation Canada commenced to enact merchant shipping legislation of her own under the authority granted by the British North America Act, section 91, subsection 10, Navigation and Shipping. I should like to refer to some of these earlier acts:

1. Registration and classification of ships.
2. Masters' and mates' certificates.
3. Steamboat inspection, including engineers' certificates.
4. Shipping of seamen.
5. Shipping of seamen on inland water.
6. Wrecks, casualties and salvage, etc.

When the revision of the Canadian statutes took place in 1906 the commissioners who were entrusted with that revision had to gather all these separate acts and put them into one act which they called the Canada Shipping Act; and from them the Canada Shipping Act was amended from time to time and now is chapter 186 of the revised statutes of Canada, 1927; our present legislation.

The British merchant shipping act, as I said a moment ago, required that when the laws enacted by Canada or any other dominion were different from those contained in the imperial act, they had to be reserved until they were confirmed and approved by His Majesty the King. This situation remained until 1926 when at the imperial conference of that year representations were made as to the limitations contained in the British law, and it was resolved at that conference that an expert committee and subconference be set up to "study, to consider and report on the principles which should govern, in the general interest, the practice and legislation relating to merchant shipping, in the various parts of the empire having regard to the changes in constitutional status and general legislation which have occurred since existing laws were enacted." This conference on the shipping laws met in London in 1929, and its recommendations were to the effect that the limiting provisions of the imperial statutes should be entirely wiped out. I am glad to say that this recommendation was given effect to in the statute of Westminster in 1931. Thus to-day, Mr. Speaker, for the first time Canada is entirely free to enact any legislation with regard to her shipping matters, and when necessary to give her legislation an extraterritorial effect without any reference to or without limitation by the imperial statutes. While the British merchant shipping acts were in effect in all dominions the result was, of course, a very great measure of uniformity. The different parts of the empire have thought it would be very wise to maintain as long as possible that uniformity. In 1931 the different parts of the empire came to an agreement which laid down the main lines along which legislation should be enacted in the different dominions. This convention is known as The British Commonwealth Merchant Shipping Agreement, and covers briefly: (1) common statutes in ownership, registration, etc., of British ships; (2) standards of safety; (3) extraterritorial operation of laws; (4) equal treatment; (5) ships articles, internal discipline, and engagement and discharge of seamen; (6) certificates of officers; (7) shipping inquiries; (8) relief and repatriation of seamen; wages and effects of deceased seamen; (9) offences on board ship, and (10) general provisions.

It was in the light of the statute of Westminster and the shipping agreement to which I referred a moment ago that the Department of Marine undertook in 1932 and in the first part of 1933 to formulate a shipping code which when enacted would give Canada full power over Canadian ships wherever they might be, and over all other British and foreign ships when they were within our territory. In the new code of shipping which was drafted were incorporated the provisions of certain international conventions which were adopted in 1929 and 1930. I will refer particularly to two of those conventions to which almost all the nations of the world subscribed. I refer to the international convention for the safety of life at sea, which was adopted in 1929, and the international load line convention, which was adopted in 1930.

After engaging eminent counsel to assist them, the officers of the Department of Marine drafted a full revision of the Canada Shipping Act, following which a bill was presented to the Senate in 1933 by the Right Hon. Mr.

Meighen which was known as bill J. This bill was referred by the Senate to its standing committee on banking and commerce where a study of the subject was begun. That committee called before it all those parties interested in shipping, namely the grain merchants, the ship owners, the shipbuilders, the pilots, the engineers, in addition to all those associations interested in shipping. When that discussion was in progress a point of law was raised and strong representations were made against certain provisions of the bill which purported to impose upon British consuls and other officials in other countries certain duties when, in fact, Canada has no jurisdiction over those officials. After a careful study of the point we came to the conclusion it had been well taken, and owing to the proximity of the end of the session in 1933 Bill J had to be withdrawn. It is interesting to note that when the bill J was under discussion in the Senate, copies of its text were circulated not only to the shipping interests in Canada but also to the chamber of shipping in London, England, and to the mercantile marine department of the Board of Trade, London; and we invited comments and representations from all those bodies both in Canada and abroad. Then, at the end of the year 1933 and in the early stages of this year, the officials of the Department of Marine, after having received all those representations, redrafted the bill under the direction of the Department of Justice, and it was reintroduced into the Senate. The bill was presented, on March 7 as Bill E, and was again sponsored by the right hon. leader of that body. It was referred to the standing committee on banking and commerce which in turn set up a subcommittee. The subcommittee, with the help of Mr. W. F. O'Connor, K.C., acting for the Senate, and Mr. P. M. Anderson from the Department of Justice, made a careful study of the bill. May I add that this subcommittee sat throughout the Easter holidays and for some time following, during which time they made a very careful study of the legislation. The bill was amended in many respects in connection with important points, and as a result of the many changes made, it had to be reprinted for purposes of reporting to the full committee on banking and commerce. When that report was made the full committee heard again all the interested parties, the shipping associations, the ship owners, the shipbuilders, the labour associations and all those who wished to be heard. Following those hearings some further amendments were made, at the conclusion of which the bill was reported to the Senate and was adopted.

[Mr. Duranleau.]

I am pleased to state that after two months' study and discussion in the Senate the measure has been reported to this house in as complete form as possible. It comprises sixteen parts dealing with such varied matters as recording, registering and licensing; certificates of officers, masters and seamen, relief and repatriation of distressed seamen, sick mariners and marine hospitals, pilotage, safety, wrecks, salvage and investigation, lighthouses, buoys and beacons, harbours, harbour masters, port wardens, navigation, collisions, limitation of liability, coasting trade, delivery of goods, legal proceedings and so on.

This house will remember that when during the session of 1933, Bill J was withdrawn in the Senate a small bill was introduced in this house providing for certain amendments to the Canada Shipping Act respecting our coasting trade. That bill became law, and stood as chapter 52 of the statutes for 1932-33. May I add that the provisions of chapter 52 have been incorporated in the present bill.

I do not wish to close my remarks, Mr. Speaker, without paying tribute to the right hon. leader of the Senate, Mr. Meighen, and to the members of the Senate, and especially to the members of its standing committee on banking and commerce and the subcommitee for the tremendous work they have done in studying this measure. They had to spend weeks upon weeks in studying it, and so complete has their work been that they have rendered comparatively easy the task of this house in studying the measure. I am not an expert in maritime matters but I have perused and studied this bill with my officials and I can say that this measure is surely one of the most complete pieces of legislation ever presented to this house.

Mr. WILLIAM DUFF (Antigonish-Guysborough): Mr. Speaker, at this particular time I am not going to raise any objection to the motion that this bill, letter E of the Senate, be now read a second time, but in the course of my remarks I shall give reasons why in my opinion it is impossible for the House of Commons at this late stage of the session to deal with this most important measure in a proper manner. In fact, Mr. Speaker, I do not think it is necessary for me to say very much more on that point because the Minister of Marine (Mr. Duranleau) in the very instructive and able address which he gave in explaining this bill told us quite plainly that it is one of the most important bills that has ever been brought before this house.

The minister in the course of his remarks went into the history of the various shipping

acts in this country and the British Isles since confederation, and I was very glad indeed to hear him admit that Canada has authority to regulate her own shipping. That is one further reason why at this particular time we should not hurriedly go over this bill and pass most important clauses without knowing exactly what we are doing. It would be much more in the interests of Canada and in the interests of business and shipping, I submit, if we deferred consideration of this measure to a later date.

As I said a moment ago, I have no particular objection to the bill now being read the second time, nor, if it is the wish of the ministry, do I object to the bill being moved into committee after its second reading. But I do respectfully submit, Mr. Speaker, that in the interests of Canadian shipping after the bill has been moved into committee we should not endeavour to consider in detail this very important measure at this stage of the session, a measure about which most of us know so very little; but rather the minister should move that the committee rise and report progress, and at a later date, if not this session perhaps at another, we shall be in a position to deal intelligently with the bill.

I was very glad to hear the minister say that he and his officials had gone over this very important bill. That is more, sir, than I have been able to do.

Mr. MACKENZIE (Vancouver): More than any of us.

Mr. DUFF: I was just going to add that. I think I am voicing the sentiments of every member of this chamber when I say that perhaps outside of the minister himself no member of this House of Commons has had a proper opportunity, not to look into the bill thoroughly, not to consider it clause by clause and try to arrive at some conclusion as to whether the clauses are proper and right, but even to read the bill. And why? I am not blaming anybody, because, as the minister admitted, this bill has been in the Senate for two years. After the bill had been given to learned counsel for drafting in 1932 it was introduced in another place in this parliament, as the minister stated, in 1933, and the very fact that the Senate, which we will all admit, without attempting to be critical at all, has a little more time on its hands than we have in this chamber, took not only the whole of 1933 but practically the whole session of 1934 in an endeavour to study and amend this bill—

Mr. SPEAKER: I would draw the hon. member's attention to the fact that references such as he is making to the Senate are not in order.

Mr. DUFF: I called it another place, Mr. Speaker, and the minister called it the Senate, so I think perhaps I should be allowed a little latitude. But of course I should know better, and perhaps that is the reason, sir, why you are calling me to order. But surely I am not out of order in discussing a bill which has come from the Senate to this house. If I am not allowed to do that there is nothing more for me to do but to sit down.

Mr. SPEAKER: There was no such suggestion on my part.

Mr. DUFF: I am very glad, Mr. Speaker, that we understand each other. I was saying that in another place this bill has been considered by a committee in two sessions, and this session that committee spent almost five months in considering it, with the result that it was only on Wednesday of this week that the members of the commons were able to get a copy of it. Again I am not complaining, because if you will look at this voluminous document you will see that the printers must have had quite a job to get it ready after it had been passed by the Senate. The fact remains that this bulky document was put into the hands of members of parliament only on Wednesday morning last. Taking the advice of the Prime Minister (Mr. Bennett), tendered to me a few days ago, instead of going to the moving pictures on Wednesday night I spent from six o'clock until twelve, and the intervening time since then when I was not attending to my other duties, in reading some of the sections of the bill.

The house will see that this important document contains 497 pages, and not only are there 497 pages, but there are 113 definitions and 719 sections.

This afternoon we dealt with a very important measure in connection with banking and commerce, and if I remember aright that bill contained about 170 sections. It took the members of the banking and commerce committee some two and a half months to study that bill and report upon it to the house. Surely then, Mr. Speaker, it is only fair for me to say that it would not be right or proper that a bill to which the minister himself attaches so much importance should proceed after its second reading on the eighth day of June, after being only two days in

the hands of members of the House of Commons, to be considered in detail at this stage of the session.

In addition to the 497 pages, 113 definitions, and 719 sections, there are schedules in the bill extending from page 273 to 497; in other words, there are 224 pages of schedules alone. In order to make a thorough study of the bill it is necessary to compare each clause with the definition at the front of the bill. Then we must turn to the schedule pages to see exactly what effect the particular section will have on the schedules or the schedules upon the section. We are being asked to move into committee and endeavour to deal with this bill in a hurried manner. This bill is of vital importance to the shipping and business interests of this country .

The Minister of Marine stated that when this bill was before the Senate committee, both this year and last year, all interests connected with shipping had an opportunity to appear before that body. It is quite true that anyone who read the newspapers and saw that the bill was before that committee could come to this city and appear, but I think my hon. friend will agree that no one came to Ottawa to appear before the committee who was interested either in the building or the owning of wooden ships. I was here during both years and no one paid me the courtesy of asking me to give my limited knowledge and state what I thought about this bill. While the minister was right up to a certain point in stating that everyone had a chance to be heard—

Mr. DURANLEAU: I said everyone who wanted to be heard. I am sure that if my hon. friend had applied to the Senate he would have been heard.

Mr. DUFF: I think I made it clear that the minister had said that anyone who wanted to be heard could be heard. I said that there were a number of people who did not appear to be heard. One reason why they did not was that they did not know that the bill was up for second reading. The ordinary wooden shipbuilder and the owners of wooden ships could not afford to come here to appear before that committee.

This House of Commons has a duty to this country in connection with this particular bill. We owe a duty not only to the country but to the shipping interests. The members of this parliament representing constituencies from the Atlantic to the Pacific should be given ample opportunity to study the bill. They should not be asked to go over it hurriedly. No interests will suffer if this bill stands over until next year. My hon. friend dealt with the statute of Westminster. I am more interested in the Westminster confession of faith than I am in the statute of Westminster. Three or four years ago no one seemed to be in a hurry after the statute of Westminster was passed, and another six months or a year is not going to affect the shipping interests of this country. I think the minister will agree that there is no crying demand that this bill should be passed by parliament at this session. I am sure that when the shipping interests see the bill they will realize that a number of its clauses should be amended in the interests of Canadian shippers and Canadian ship owners.

The minister has said that this bill is an amalgamation of the Merchant Shipping Act of Great Britain and our own statute. Sections from both acts have been put into this bill, and every care should be taken to see that the sections taken from the British act do not injure the interests of our ship owners, our shipbuilders, our seamen, our pilots or anyone else who does business in Canada. We should be very careful how we treat this very important matter. It is impossible for us to go into committee on this bill as we would with an ordinary bill. Yesterday we voted on the third reading of the so-called marketing bill. Although it contained only twenty-two sections, it took from six weeks to two months for this house to give it proper consideration and be ready to vote. As a matter of arithmetic, if it took six weeks to deal with the marketing bill how long will it take to deal with this bill, which contains 497 pages made up of 716 sections, 113 definitions and 224 pages of schedules and appendices?

The minister has stated that there are sixteen important chapters dealing with the lives of seamen, with the property of merchants, with the property of ship owners, with pilots, and with the health of those who go down to the sea in ships. I was born in a seaport and have lived all my life among seamen. I am interested in a small way in shipping, and perhaps I may be allowed to say that in my opinion this is the most important bill which has come before parliament in several years. I ask the minister and the government not to ask parliament to pass this bill at the present session. Nothing will be lost by the delay, as the shipping interests are quite satisfied to wait another year so that parliament can deal properly with the matter. I have no particular objection to the second

reading of the bill or its being moved into committee, but I respectfully suggest to the Minister of Finance (Mr. Rhodes), who is leading the house, and to the Minister of Marine, that the bill be allowed to stand over. This is June 8, and while hon. members are here to do their duty and pass any necessary legislation, in view of the fact that there is no crying need that the bill be passed at this particular time, I suggest that it be allowed to stand over. In the interests of every one concerned, I hope and trust that the minister will agree with what I have tried to place before the house.

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, the hon. member for Antigonish-Guysborough (Mr. Duff) bears a distinguished title which has been given to him unanimously by his fellow members, and by virtue of that very title I think he can speak perhaps with greater authority on a measure of this kind than any other hon. member. He has indicated very clearly that he favours the principle of this bill, which is that Canada shall have a merchant shipping act of its own. Under these circumstances, may I submit that without tying ourselves to any one of the sections or any one of the numerous schedules to which my hon. friend has referred, it might be wise to give second reading to the bill on the distinct understanding that when we go into committee we will merely pass a section which is noncontroversial and then rise. The question as to whether it is or is not wise to attempt to pass the bill in toto at this session could be a matter for subsequent determination.

Hon. P. J. VENIOT (Gloucester): Mr. Speaker, I am glad to hear the Minister of Finance (Mr. Rhodes) make the suggestion he has. I have no doubt it will meet with the approval of my hon. friend, the admiral of the fishing fleet of North America. I know it will meet with mine because I am taking a very deep interest in the passage of this bill. I should like to see its adoption deferred until next session, so that we might go very closely into all its provisions.

The Minister of Marine (Mr. Duranleau) has told us that very great care was taken in the preparation of the bill, but I would point out to him that that care which in my opinion should have been taken has not been exercised. The greater shipping interest may have been attended to; but there are other interests in the shipping line which have not been considered at all in this bill. For instance, no regard has been had to the conditions of the fishing fleet on the Atlantic coast, and there are several reasons why particular attention should be given to that fleet in this bill. I do not wish to discuss any section of the bill; I am pointing this out simply to support the argument put forward by my hon. friend from Antigonish-Guysborough (Mr. Duff) that the bill should go over for one year so that we might be in a position to go into it more thoroughly. To support that contention, let me point out that if this bill goes through as it stands there are certain sections of it which will cripple the fishing fleet of the Atlantic, and the coastal fleet especially.

There is in the bill a clause which defines steamers and steamships. Steamers and steamships include vessels propelled by auxiliary machinery. There are hundreds of fishing vessels equipped with auxiliary machinery and they will come under that provision, so that the coastal and fishing services will be affected. The result will be that every man who for the last ten, fifteen, twenty or thirty years has been able to command a vessel of that kind will be debarred from doing so. He must obtain a master's certificate; he must have qualifications tantamount to the qualifications required to ensure the safety of ships carrying passengers. If that provision goes through as it stands, then you are crippling the fishing fleet on the Atlantic coast, and I do not know that you are not doing the same thing as regards the Pacific coast. I speak of the Atlantic coast because I am better acquainted with it and know the conditions that prevail there.

We should like to have an opportunity of consulting our people engaged in that industry before we as their representatives agree to the passage of this bill as it stands, and I think the bill would make greater progress if the minister would carry out the suggestion made by the hon. member for Antigonish-Guysborough and defer its adoption. Let us have the second reading; I am not opposed to that, and I will not oppose the principle of the bill. But I am opposed and very strongly opposed to certain sections of it which in my opinion should be amended. But in trying to amend them I am not in a position to give to the house the information necessary to provide proper protection for the fishing fleet; I cannot give that information without having had an opportunity to consult those more directly interested in the fishing industry.

I will point out another fault I find with this bill as I go through it hurriedly. I find that, in respect to the registration system, it conflicts with the regulations of the Fisheries department. In this regard I hold that the

interests of the fishermen and of the fishing industry have not been looked into with sufficient care in the preparation of the bill, so as to have the regulations of the Department of Fisheries conform with the bill, or to meet conditions, unavoidable in the past, which exist to-day and whereby fishermen entitled to bounties, owners of vessels, can be debarred from the enjoyment of those bounties owing to the fact that proper registration or proper transfer from one owner to another, in a great many instances, apparently has not been carried out.

Some provision should be made in this bill by which those entitled to bounty, those who find themselves in the position of having obtained the ownership of vessels under certain circumstances, shall have their interests safeguarded—for example, in cases of bankruptcy where, the liquidator not knowing the laws of Canada, liquidation has taken place through liquidators residing in England, representing companies established there one hundred years ago, with branches in Canada. These people established themselves in Canada along the Atlantic coast and, failing year by year, finally went into bankruptcy; but proper transfers were never made, so that the owners to-day do not know whether they legally own their vessels or not. They cannot obtain proper transfers from the liquidators, and there are hundreds of such cases.

If this bill had been as carefully looked into as it should have been, if the effect of registration had been compared with the regulations of the Fisheries department governing the payment of bounties, I am sure that some action would have been taken by the minister to meet the difficulty that exists to-day. It is an injustice to these fishermen; they are suffering more through the fault of the liquidators. If this aspect of the matter had been carefully investigated, I am sure that there would be in this bill some provision that would protect these people and entitle them to their regular bounties as if they were the original owners or held the original registration.

For these reasons I plead, with the hon. member for Antigonish-Guysborough, on behalf of the fishing industry on the Atlantic coast, that the adoption of this bill be deferred for a year in order to give to those interested in it an opportunity of studying the measure more carefully, so that we may be in a position to tell the house exactly what is necessary to protect the people engaged in this very hazardous industry.

[Mr. Venoit.]

Hon. IAN MACKENZIE (Vancouver Centre): As briefly and cogently as possible, I wish to identify myself with the suggestion made by the two hon. members who have preceded me. The Minister of Marine (Mr. Duranleau) gave a very excellent introduction to the second reading of this measure. The hon. member for Gloucester (Mr. Veniot) and the hon. member for Antigonish-Guysborough (Mr. Duff) have spoken in the interests of the industry on the Atlantic coast, and I wish to inform the minister that I have definite and specific representations from the shipping interests of the Pacific coast in opposition to many of the clauses of this bill. I do not think I will worry the house at the present time going into these representations in detail; I will reserve that for a future occasion. In a word or two however I wish to support the representations made by my two colleagues in impressing upon the minister the absolute necessity of deferring discussion in committee of the whole of this peculiar Anthony Adverse of legislative effort with which he has presented us at the eleventh hour of the session. This bill touches every shipping interest in the dominion on both the Atlantic and the Pacific coasts. If ever a measure came into the house deserving the earnest and sincere study of everyone who desires to advance the shipping industry of this country, we have it in this bulky legislation given to us only two days ago. If ever a special committee were required to study every single clause, phrase and paragraph, and ever possible implication and consequence of the various features of this measure, one is needed in regard to the legislation we have before us now. With all due respect, after a very strenuous session so far when we have given much consideration to minor pieces of legislation, it is unfair on the part of the government to ask the house in committee of the whole to discuss this measure just because it has received some study by a committee of another house. My information is that this bill after receiving such consideration was passed by another house practically in bulk without any study being given to the various clauses. In justice to constituents of mine who have important shipping interests in Vancouver, British Columbia, I suggest it is not fair to ask us to deal in committee of the whole with this measure at the present time practically at the eleventh hour of the session and we should, as the minister says, pass the second reading, thus showing that we favour the principle of the bill, then pass one clause and at the next session of parliament appoint a committee on

shipping to go into every single phrase, paragraph and clause of this bill so that a measure may be produced that will be a monument to whatever parliament is in existence at that time.

Mr. THOMAS CANTLEY (Pictou): Mr. Speaker, I would like to ask the Minister of Finance (Mr. Rhodes) whether it is the intention to have this bill proclaimed this present year, or will it be subject to proclamation by the government later?

Mr. RHODES: I am not in a position to answer that question, because obviously the answer lies with parliament itself as to what it may determine to do.

Mr. CANTLEY: I presume the government has some policy so far as that is concerned. I understood the object of introducing this bill this year was to provide a measure that might be discussed by the various dominions of the empire, with the purpose eventually of producing legislation which would apply equally to all the dominions; this to be simply the nucleus of an act which the representatives of Canada could discuss with representatives of the other dominions.

Mr. VENIOT: And thus have uniformity of legislation.

Mr. CANTLEY: Whether that be so or not, I do not know, but I hope that is the situation. I agree with the two hon. members from the maritimes who have spoken in regard to some of the provisions of the bill. For instance, there is the matter of licensing masters of coasters. Fifty or sixty years ago, indeed, before and I think after confederation, a man who had served as mate and afterwards as captain for a series of years was given a certificate of servitude which enabled him to command our vessels on the high seas in any quarter of the globe. Some similar provision should be applied now so far as coasting and fishing vessels are concerned, whither sail or power propelled, of say less than three or four hundred tons. That, to my mind, is absolutely essential. I know men, and my two hon. friends opposite know more, who have commanded vessels for ten, fifteen or twenty years, men of forty or fifty years of age who have had splendid records. If they are asked to pass an examination in regard to eyesight, a placard is put up fifteen or twenty feet away and they are requested to tell what the lettering on it is. They cannot without the aid of glasses do that, but they can see a ship half a mile or a mile and a half away at sea and say what flag she carries. Those are practical difficulties that ought to be taken into consideration in any legislation of this kind, because they are vital to the whole purpose of the bill.

If I understood the minister aright when he introduced the bill, he stated that it was the intention of the government to provide legislation which would control the shipping of Canada in all the ports of the world, or words to that effect. Might I remind the minister that before that can be effected it will be necessary for Canada to have consuls in all the great ports of the world. Those we have not got. We may talk as much as we please and as long as we like about being a nation, but until we have consuls in all or at least the principal ports of the world we are not able to exercise that sovereignty to which he referred. For instance, a Nova Scotia ship goes down to South America. She arrives at say the port of Rio de Janeiro. She has, we will say, three seamen in irons who have refused duty. What is she going to do with them? The captain wants them dealt with. He cannot on his own account put them into gaol in Rio de Janeiro. He has to apply to the British consul or to the British minister in that port. It is idle to talk about our being a sovereign nation when we are in that position. Until we are in the position of a sovereign nation with our own consular officers in foreign ports he will not be able, nor will this government nor parliament be able, to do what the minister suggests, that is control, as he has suggested, our shipping in foreign waters. Those are matters which are vital and should be properly dealt with by this bill.

I have read a good many of the clauses. Some are all right; others objectionable, and, I have no doubt, will be amended or deleted before the bill passes the house. But, Mr. Speaker, I have not been very much exercised over this legislation by reason of the fact to which I have already referred, namely, that I presumed it was only a basis for discussion with the other component parts of the empire, and that as a result of that discussion a new measure would later be brought down to the house. If that view is correct I have nothing further to say in regard to the bill.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I should like to make a few remarks regarding this bill and join with the other speakers who have suggested that it had better be delayed for another year. I must first of all, like the others, compliment the Minister of Marine (Mr. Duranleau) on his presentation of this legislation. I was pleased

to hear the Minister of Finance (Mr. Rhodes) suggest that perhaps it might be well to allow the bill to go into committee and then consider the advisability of postponing it for another year.

I might point out to the house that since the bill has been under discussion in the Senate I have received representations from many, including a captain who is also a port warden and who has given this matter a great deal of consideration. So serious does he deem one of the clauses in this bill that he believes—and I agree with him—the measure should go to a committee of the house for discussion of this one clause alone, because he maintains that if clause 100 in the shape in which it has come from the Senate passes the house, it will add fifty per cent to the freight dues on all ships taking lumber from Vancouver or Prince Rupert or New Westminster or any other port in British Columbia. He says that it will also affect those ships in going through the Panama canal to Great Britain. Surely, if the information given to me is correct—I hold the brief in my hand; every phase of the matter has been gone into—that alone should make the government hesitate before attempting to have this bill pass through the house in committee of the whole.

Then questions are dealt with affecting seamen—seamen stranded on foreign shores, seamen in hospital, sick mariners' fund, the hiring and firing of seamen. I am in doubt as to whether the representatives of the seamen have been heard in these matters. When one looks over the various clauses affecting them and considers that the house is being asked to pass this bill in committee of the whole, I cannot but rise and protest. It would be wiser to have the bill referred to the committee of the whole house, perhaps at some other session.

Mr. J. L. BROWN (Lisgar): It would be presumptuous for one like myself, who has lived most of his life half way between the Atlantic and the Pacific, to enter into a detailed discussion of this bill. There is however one section which affects those living on the prairies. The minister has referred to the fact that last year when the whole bill was withdrawn, a short bill was introduced, dealing with the protection of labour and with the coasting trade on the great lakes. That bill was passed, but my understanding was that it had never been proclaimed. The minister has stated that that bill is now the law of the land.

[Mr. Reid.]

Mr. DURANLEAU: I said that the law, chapter 52 of the statutes of 1933, was incorporated in this bill.

Mr. BROWN: Yes, but I understood the minister to say the bill we passed last year was now the law of the land.

Mr. DURANLEAU: No.

Mr. BROWN: Then I was right in my understanding that the bill has never been actually brought into force. It was really to find that out definitely that I rose.

Section 663 is the one that we prairie people are particularly interested in, and if we give time to the bill in proportion to that given to some other legislation, as the hon. member for Antigonish-Guysborough (Mr. Duff) suggested, I do not suppose we should reach that section until about the end of August. However, if it comes before the committee we shall be prepared to make recommendations.

Mr. A. W. NEILL (Comox-Alberni): Mr Speaker, I rise only to endorse briefly in general and very heartily the requests and suggestions of delay that have been made from this side of the house, especially the remarks of the hon. member for Antigonish-Guysborough (Mr. Duff), although I do not agree with him that it should be put into committee even at the present time, for reasons I shall give in a moment.

Turning aside for an instant to the remarks of the hon. member for Gloucester (Mr. Veniot), he said there would be trouble in granting the bonus to the fishermen in the maritime provinces on account of the regulations in this bill in respect to registration. I hardly anticipate that would be as serious as he suggests, because if my recollection is right, and I am fairly certain it is, the act of 1882 providing for that bounty said that the money should be allocated according to regulations established by the Minister of Marine. Therefore if the existing regulations do not coincide with some registration features of this bill it would be easy to remake the regulations. That naturally suggests that the opportunity is overripe, when those regulations are being made, to undo a wrong that has been done to British Columbia for many years and make provision for our fishermen on the Pacific coast to share in that bounty the same as the Atlantic men. They are absolutely entitled to it by the law of the land, and they have been unjustly deprived by the malformation, so to speak, of these regulations. I shall not detain the house longer on that matter, because it is too

obvious and the necessity for it too crying to require elaboration.

I do not think we should pass the second reading of this bill unless we have the positive assurance that it will go no further this year. I accept the ever present cordiality of the Minister of Finance (Mr. Rhodes) and we recognize his integrity, but he did not make a definite promise. If he had I would have been satisfied, but I recall that some weeks ago we thought we had reason to believe—perhaps we were deceiving ourselves—that we would succeed in the agitation we were making to have the marketing bill sent to a select committee. But there was a little noise and confusion one day and we found a motion was put to go into committee and when we were in committee of the whole and began to protest we were told plainly that we had lost our opportunity, the bill was in committee and was going to stay there; and stay there it did, with an enormous waste of time that we would be very sorry to see duplicated in respect of this bill.

The hon. member for Vancouver Centre (Mr. Mackenzie) said that he had received many objections from the Pacific coast. I think objections would be much more numerous if people concerned really knew what the bill means, but as no one knows what it means, of course it is impossible for them to make very urgent objections. Among others I am only going to quote one, just to give an idea of the futility of men even as well informed as we are supposed to be, dealing with this matter in committee of the whole and not being able to have technical advisers, as we could in select committee. Here is one request I have received. These people say:

> We request that the present method of computing the nominal horse power of propelling engines be discontinued, and brake or shaft horse power be substituted for all turbine and internal combustion engines, and indicated horse power for all reciprocating steam engines.

How many men are there in this house who really know what that means, let alone are able to pass an intelligent opinion as to how it should be brought about? Certainly I am not.

Another aspect of the matter is this: are we to pass this legislation or is it to be passed in a place that I must leave nameless? After all I think the House of Commons is responsible for passing legislation. The minister says it is very complete, that they have studied it for years. But we remember a former bill that was studied at great length in another place, and no doubt they gave it much care and attention—the bill connected with the amalgamation of railways. When it was brought here the same eulogistic remarks were made, that we did not need to do much more than sign our names because it had been so thoroughly considered by these able elder statesmen, but when the bill finally passed this house its own mother would not have known it, so different was it from when it left the other chamber. So we must not take it for granted that because it has been seriously and earnestly considered in another place it is going to receive unanimous support in this house. It is all very well to pass divorce bills and matters of that kind; we can afford to take a chance on that, but these are serious things.

Then the minister says that it was open to any of us who were interested to go to the other place. Well, that sounds reasonable, but it is not so reasonable as it sounds. In the first place we have about enough to do attending committees of this house; are we to undertake the duty of attending senate committees? Another thing, we have not facilities for knowing when those committees meet. And I do not know that we would be particularly welcome if we went there and butted into their deliberations, as the expression is. If we wished to give evidence we would be graciously received, but as far as taking part in the committee is concerned, I would not ask it for one thing; it is their committee and it would not be for us to go there and express opinions and take part in the voting.

Then again we are told that there have been important changes made by the committee and subcommittee in another house. What were those changes? No one is able to tell us I sent to another chamber this afternoon and asked for the copy of the committee proceedings, where all the serious consideration had been given, in order that I might inform myself. I wanted to know who these various people are that we are told about, from everywhere except British Columbia apparently, who gave such voluminous evidence. The answer I received was that the evidence taken before the Senate committee, that committee of another place, had not been printed and therefore was not accessible to me. I do not know what took place. I do not know what arguments were used; they may have been good or they may have been bad. They may have been ex parte arguments. The witnesses are gone—I do not know where. I have no means of getting that information. I simply have to take the minister's word that a number of worthy people gave evidence, but we do not know any more than does the man in

the moon what evidence they gave. We can only guess as to what happened by looking at the bill now before us and comparing it with what was introduced in the Senate. Is that a desirable condition, and are we to be guided simply by that? I know that every man who rises in his place in this committee and finds fault with a section will be told that it was carefully considered in another place, a place where they had all the advantages of hearing witnesses, and that we must be satisfied. I will not accept that doctrine as a guide in the consideration of this bill. I want to know at least something about what we are doing. Hon. members who have spoken have indicated the time it would take to carry this bill through committee of the whole this session if it is given anything like proper consideration. It is impossible at this time in the session to have the bill placed before the committee on marine and fisheries; it is too late to get witnesses. Let it pass second reading, if we must. Then let us take the bill home, where people will be able to give us advice. Then early next session let us send it to the marine and fisheries committee, instead of trying to do anything more with it at this time.

I have a note before me which indicates that some people living at remote distances sent written recommendations to the committee which sat in another place. We have not those communications, and will not be able to have them on the floor of the house. If we had the services of technical men before the marine committee we could handle the bill very much more quickly, but it is far too late to do that now, and if that procedure is not followed a gross injustice will be perpetrated. I am merely duplicating the remarks which have been better expressed by other hon. members, but I could sum up what I have said by stating simply that any further procedure at this time would amount to a serious injustice. There are features in this bill the meaning of which is not clear; we may find out after it is too late, and there would be a howl go up which would bring us into disgrace.

The hon. member for Pictou (Mr. Cantley) asked if the bill was going to be brought into effect this year. There is a section of the bill—and I happened to glance at it when I was browsing through it— stipulating that the government may bring the whole bill into effect when and if they like, or they may bring any part of it into effect. Well now, a reaction which would be extremely undesirable may arise in that connection. One part may be brought in which would conflict with something else. As the hon. member for Pictou has indicated, a steamer may reach South America and then find that a particular section under which it is operating has been brought into effect, and some other section of equal moment has not been brought into effect. I decline absolutely to accept the approval of any other body, nor am I willing to take any responsibility for the passing of this bill, if in the present session it is jammed through this House of Commons.

Mr. WILFRED HANBURY (Vancouver-Burrard): Mr. Speaker, before the minister replies I should like to take only one moment to add my support to the respresentations made by the various members who have suggested that this legislation should be held over until next year. While it is true, or at least altogether likely, that much consideration has been given to the drafting of the bill, and that it has been very carefully studied by the committee in another place, still I think it is unfair for the government at this time to expect hon. members to accept legislation of this type and magnitude, really a whole library of legislation, without taking time to give it consideration. The government should tell the house that it wants hon. members to go through this measure clause by clause, to give it the consideration which the people of Canada expect hon. members to give to legislation handed down from another place, and to ascertain whether it is properly or improperly drafted. I make a very strong representation to the government in support of hon. members who have already said that in fairness to this House of Commons and in fairness to our sense of responsibility to our constituents and to the people of Canada as a whole we should not be asked to attach our names to this measure in the present session, if we hope to get home before Christmas.

Mr. OLOF HANSON (Skeena): Mr. Speaker, I wish to associate myself with the former speakers, and state that this legislation is too bulky and brought down too late in the session to receive action from this chamber. I have received several representations from fishermen and shipping interests on the Pacific coast saying that they would like to have copies of the bill so that they may study it and make themselves available to give information affecting the Pacific coast. I understand that the present measure is based on British legislation passed a number of years ago, in days when there were different marine

methods, and before the development of diesel and gas engines. Developments in late years have been so great it is quite possible that this measure based on legislation passed years ago would not suit present day needs.

I strongly urge that this matter be referred to a committee to sit at the next session, so that they may be in a position to obtain the necessary information applying to modern shipping.

Mr. HUMPHREY MITCHELL (East Hamilton): Mr. Speaker, from this corner of the house I wish to say exactly the same as other hon. members have been saying. This is not a bill, it is an encyclopaedia, and if we give proportionately as much time to its consideration as we did to consideration of the marketing bill we will be here until next session, and probably the session after that. And if a constitutional problem should happen to crop up in the present measure we may be still longer. I think sound advice has been given to the government. I have received a number of representations from organizations on the Atlantic and Pacific coasts concerning features in this bill to which certain interests are strenuously opposed. Then, there are other sections in the bill which vitally affect the welfare of the people on the prairies who ship via the great lakes. Certainly the government would be well advised if they accepted the advice of hon. members on this side of the house and committed the bill to a committee to sit next session—of course assuming that the government will be here next year.

Mr. BELL (Hamilton): It will be.

Mr. MITCHELL: I think so myself; however, I shall not discuss that point.

Mr. BELL (Hamilton): You and I know, anyway.

Mr. MITCHELL: If the matter were placed before a committee those who understand shipping and its technical ramifications could appear and give advice concerning the bill.

Sir EUGENE FISET (Rimouski): Mr. Speaker, I understand the bill now before the house has not been submitted to the provinces for their consideration. Bearing in mind the fact that the province of Quebec has full charge of its fisheries, and the further fact that the pilot services for the lower St. Lawrence as well as the upper St. Lawrence are materially affected in this new bill, I wish to the best of my ability to support the representations which have been made by hon. members who have preceded me in this debate. I believe it would be quite unfair to consider this bill at the present session, first because the province of Quebec has not had a chance to peruse it and, secondly, because hon. members of this house have not had a chance to study it clause by clause.

Hon. ALFRED DURANLEAU (Minister of Marine): Mr. Speaker, may I say that the same difficulty arose in another house. When the bill was reported and before it had been read by hon. members the same objections were made. But after two days had elapsed and hon. members had read the bill they came to the conclusion it was not so complicated, and with perhaps slight amendment could be adopted, and it was. I am prepared to accept the suggestion made by my colleague, the Minister of Finance (Mr. Rhodes), because every hon. member accepts the principle of the bill. I am willing to proceed to committee of the whole and have the first clause adopted, and then move that the committee rise.

Mr. VENIOT: That is all right.

Mr. DURANLEAU: I refer to the title, The Canada Shipping Act, 1934.

Mr. NEILL: And what then?

Mr. DURANLEAU: If no hon. member has any objection to the title, we may pass that clause and then I would move that the committee rise. But in the meantime I would invite my hon. friends to take this volume home with them—

Mr. FAFARD: It is a library.

Mr. DURANLEAU: —and to pass their week-end studying it. It is not so complicated after all.

Mr. VENIOT: Have mercy upon us, Mr. Minister.

Mr. DURANLEAU: There are perhaps not more than twenty-five clauses on which discussion would take place in committee of the whole. There are, for instance, some clauses about pilotage, some about the size and measurement of ships, decks, and so on, but surely there will be no objection to eighty per cent of the clauses of the bill, which is in part a reproduction of the merchant shipping acts which are the result of centuries of experience in England and the British Empire. The provisions that were adopted by various international conferences, the load line convention and the convention for safety of life at sea,

have been reproduced in this bill, and those provisions are very voluminous. These conventions were adhered to by Canada and practically all the countries of the world, and we had to embody them in this bill. I am sure that when my hon. friends have devoted a few hours to a study of the bill—

Mr. FAFARD: It will take a week.

Mr. DURANLEAU: No. I held the same view when the bill came to me, but if my hon. friend from Rimouski will take the trouble to spend a few hours on the bill I think he will come to the conclusion that it should be considered in committee of the whole house and be adopted at this session.

Mr. MACKENZIE (Vancouver): It will take a week to read it.

Mr. DURANLEAU: As was stated a few moments ago by the hon. member for Pictou (Mr. Cantley), if we pass the bill this session it will be an inducement to all the other parts of the empire to adopt similar legislation. When I hear some hon. gentlemen say that this bill is not an urgent one, I desire to recall that ever since I became Minister of Marine in 1930 I have had queries from the other side of the house at every session, even at the first short session in September 1930, asking when a full revision of the Canada Shipping Act was to be brought down. Those queries were repeated at every session, and I gathered from that, that everybody was anxious that this law should be enacted in the interests of Canada. I invite my hon. friends to peruse the bill over the week-end, and then I am sure they will come back next week with an entirely different opinion. I assure my hon. friends that if we go on with the bill this session every opportunity will be given to every member to discuss every clause of the bill if that is desired, but I do not think it will be necessary.

Mr. VENIOT: If the minister wants us to read this bill over the week-end what shall we do on Sunday without church?

Mr. DURANLEAU: You can go to mass in the morning and then start reading.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

On section 1—Short title.

Mr. REID: I know it is not the desire of the committee to raise any controversy tonight, but there is one question which I think the minister might well answer. In the bill of last year, letter J of the Senate, there were 821 sections, and in this new bill there are 719 sections, or 102 sections fewer. Would the minister be good enough to explain just what happened? Was there an amalgamation of some sections?

Mr. DURANLEAU: I think that a great number of the sections of the bill J of last year have been embodied in other sections of this bill as subsections. My hon. friend will notice that a great number of the sections cover one or two pages, and contain five or six or seven subsections. That is the reason for the sections being fewer in this bill.

The CHAIRMAN: Shall the section carry?

Mr. NEILL: I would point out, Mr. Chairman, that if we let this section through we are sunk; we are committed to putting the whole bill through. The minister was very pleasant in his manner of explaining things, but the real iron hand beneath the silken glove was evident. He does intend to go on with this bill, and he told the Scotchmen to read it on the sabbath day, more shame to him! He said he would adopt the suggestion of the Minister of Finance (Mr. Rhodes) but the Minister of Finance did not go any further than to suggest adjourning the discussion and then considering the situation. If he is going to consider it, why not do the considering now? We all know that this section is the only one on which we can have any general discussion. Once we pass this, we can be held by the rules to a definite and particular section, and we cannot go beyond the scope of that particular section. In that way we shall be compelled to go right through the bill. The minister has not made any promise that he will do anything else. I think we would be ill advised, considering the experience we have had with other matters, if we passed even this first section unless we can get a clear understanding along the lines suggested. If the minister is not able to say anything definite before consulting with his colleagues, let us adjourn now. It is quite sufficient to go into committee and then report progress. That keeps the procedure proper, and then the minister can discuss the situation with his colleagues and announce his intention when the bill comes before us again. But we should not pass this first section, which would preclude us from any general discussion, without knowing where we get off at.

Mr. DUFF: There is something in what my hon. friend from Comox-Alberni (Mr. Neill) says. I would suggest that clause 1 stand, and that we take up clause 2, and pass

the first subsection of it. I mention that because of the closeness of the definition to my own title. Subsection 1 reads:

"The Admiralty" means the Lord High Admiral of the United Kingdom for the time being, or the commissioners for the time being for executing the office of Lord High Admiral of the United Kingdom.

We can pass that.

Mr. RHODES: The suggestion of the lord high admiral of the opposition is entirely acceptable. I can assure my hon. friend from Comox-Alberni that there was no idea in the mind of the government to take any advantage, either technical or otherwise, in calling the first section of the bill. I submit that the rights of the house and the committee are preserved in precisely the same manner whether the section is passed or not passed, but I accept without question the suggestion of the hon. member for Antigonish-Guysborough.

Mr. HANBURY: The minister stated that there had been a demand for this legislation, and he based his statement upon the many inquiries he had received from the members of the house during the past three or four years as to when this bill was to be brought down.

Mr. DURANLEAU: This legislation has been demanded not only in this house, but has been requested by shipping interests all over the country.

Mr. HANBURY: I would suggest to the minister that a request did not come from the members of the house that a bill of this size should be brought down at this stage of the session, what we all hope will be the dying hours of the session. I again suggest to the minister that if the bill is to be given the consideration it deserves the government should very seriously consider withdrawing it for this session.

Section stands.

On section 2—Definitions.

The CHAIRMAN: We are on subsection 1 of section 2. Shall the subsection carry?

Subsection agreed to.

Progress reported.

EXCISE ACT AMENDMENT

The house resumed from Monday, June 4, consideration in committee of Bill No. 89, to amend and consolidate the Excise Act—Mr. Matthews—Mr. MacDonald (Cape Breton South) in the chair.

On section 124—Penalties belong to crown.

Mr. MATTHEWS: When this bill was in committee a few days ago all the sections were passed with the exception of some in which it was suggested that the governor in council should be substituted for the minister. I think this suggestion was made by the leader of the opposition (Mr. Mackenzie King) and in conformity with it I have prepared amendments covering sections 124, 126, 127, 155, 156, 159, 161, 180, 216, 235, 236 and 262. I shall ask my colleague, the Minister of Railways and Canals (Mr. Manion) to move the amendment in connection with this section.

Mr. MANION: I move:

That subsection 1 of section 124 of the bill to amend and consolidate the Excise Act be struck out and the following substituted therefor:—

124 (1). All penalties and forfeitures under this act shall belong to His Majesty for the public uses of Canada.

Provided that—

(a) the proceeds of any such penalties and forfeitures may, under such regulations as the governor in council may from time to time prescribe in that behalf, be distributed in whole or in part and may be divided between and paid to any officer and any person giving information or otherwise aiding in effecting a seizure resulting in any such penalty or forfeiture;

(b) the governor in council may by such regulations prescribe the manner in which the proceeds of penalties and forfeitures shall be distributed and may provide for payment of awards forthwith after seizure of goods or the preferring of charges where goods are not seized, based upon the value of the goods seized, the amount of excise duty evaded, the penalties imposable upon any person guilty of any violation of this act, as the case may be, and not dependent upon forfeiture or the proceeds of forfeiture.

Mr. EULER: I should like to ask the minister how this change compares with the law as it is now.

Mr. MATTHEWS: This section corresponds to section 133 of the existing act which has been rewritten to bring the excise act into line with the practice long ago adopted under the Customs Act of paying for information received if such information results in conviction and the imposition of penalties even though the net proceeds may be a loss. That is, the fine is not paid; the convicted person may prefer to serve time, or the necessary expenses may exceed the amount realized.

Mr. VENIOT: Do I understand from the minister that this is to make this section the same as the section in the Customs Act?

Mr. MATTHEWS: Yes, it makes it conform to the section in that act.

Mr. STEWART (Edmonton): I realize that this provision is in the statutes, but it seems to me to be a vicious principle to give a portion of the fine to an official under salary and permanently employed for the purpose of detecting evasions of the customs or excise acts. I can understand that an outside informer who assists in obtaining a conviction might be entitled to some portion of the fine, but I cannot understand why an individual who is paid for that job—

Mr. VENIOT: Not always.

Mr .STEWART (Edmonton): Not always. As it now stands a permanent salaried officer will be entitled to a portion of the fine if he secures a conviction. I am just asking the minister if he is considering this matter.

Mr. MATTHEWS: That matter has received very careful consideration. Ever since 1867 the Customs Act has contained a similar clause in connection with moieties, and it is now being placed in this bill. It will be noted that the section as it now reads confers the power on the governor in council—

Mr .STEWART (Edmonton): That is not the point; my point is the principle of paying a portion of the fine to a paid official of the department.

Mr. MATTHEWS: It must be remembered that the governor in council can decide at any time whether a moiety shall be paid. At the present time I think it would be better to pass this clause in order to have it in conformity with the Customs Act which has been in force so long. If I may say so, I believe this whole question of moiety payments may receive consideration before the Customs Act is amended and consolidated, which may happen within a measurable time.

Mr. VENIOT: In my time I have been an officer in the customs and excise, and when it is said that an officer receiving salary on full time should not receive any consideration in the matter of seizures, I think that is going a little too far. An officer on full time in the customs and excise, during the time I was in the service, received his salary and his hours were defined—nine o'clock in the morning until four in the afternoon. Those were the hours for which he was paid. Very frequently in those days seizures were made at all hours during the twenty-four, and they were made principally at night. I served for eleven years in the customs and excise, and in those days a customs officer had to do inland revenue service—excise service—without pay. He received pay for his service as collector of customs and then if he did work after hours for the excise and inland he received a certain small commission that hardly compensated him for the time he put in. Having had considerable experience in matters of seizure, I say this to the committee. You are doing right when you provide that an officer who is zealous in carrying out his duties should receive a part of the fine. When I was in the service, an officer who made any seizure did not undertake a task as hazardous as the task that is now involved. Many times in the last few years, in the last eight or ten years, an officer to carry out what he deemed to be his duty had to risk his life, and he is to-day doing so. Perhaps members of the committee have no idea of what a seizing officer who wishes to be zealous in the discharge of his duty is up against when he comes across smugglers and hi-jackers. Those who have had experience in that line as I have had will feel it an injustice, I am sure, to cut off the extra remuneration, because, to-day more than at any time in my experience, the officer is risking his llfe every twenty-four hours he is after smugglers.

Mr. EULER: With regard to the moiety system I must admit that I was never particularly convinced of the propriety of it, although it has its qualifications as outlined by the ex-Postmaster General (Mr. Veniot). I should think that the minister might very well reconsider the whole question, and possibly it might be arranged on a somewhat different basis, though I have no particular suggestion to offer at the moment. I think he is right when he desires to put the administration of the act, so far as moieties are concerned, on the same basis as the Customs Act. I think also that it is time the Customs Act was revised, and when that is done the two acts, the excise act and the act that is being revised now, should be brought entirely into conformity.

With regard to the moiety system I want to ask the minister this question. I believe that in the customs preventive service, now in the hands of the mounted police, the system of distributing moieties has been changed; instead of the individual receiving the moiety, I understand that the amount is paid into a central fund and then distributed among the various officers of the force whether or not they had any part in the particular seizure. Can the minister explain more in detail just how that is working out, and whether it makes

for better service and satisfaction among the members of the force?

Another question. In my recollection, which is none too good, cases would come up where an officer would make a seizure of what would ordinarily be a very valuable cargo of alcohol or whisky or some other liquor, and under the regulations of the department this valuable commodity would be destroyed, and there would be nothing on which to base the value of the moiety. Is there any change in that regard? I always felt at that time that, when a person had made the seizure—it might not have been the officer at all but a layman assisting in making the seizure—and a valuable cargo of liquor had been destroyed under the regulations of the department, there being in consequence no value on which to base the moiety, there should be some means of compensating the man who had made the seizure for the work he had done.

Mr. MATTHEWS: As to the first question, there is a central fund and the amount at the end of the year is distributed among the officers. As regards the second question, where there is no real value in the goods seized, authority is given to make an allowance up to $500.

Mr. EULER: This new arrangement of distribution applies to both excise and customs?

Mr. MATTHEWS: Yes.

Mr. REID: Now that the question of moieties has been brought up, I think it would be well to consider the position of municipalities in this connection. In the municipality I reside in, very often it is the municipal police who make both seizure and charge, and I think it is a little unfair that no part of the fine should go to the municipality. Instead, part of it goes to the informer and part to the dominion government, and where there is imprisonment for a term of less than two years the province and the municipality have to pay for the prisoner's upkeep in gaol. Of course, if it is over two years, he goes to the penitentiary under federal jurisdiction. I think it would be well to consider the position of municipalities, such as there are in British Columbia, whose officers make and have made seizures, but the fines in connection with which go to the federal government, while the cost of policing is borne entirely by the municipality. Rather than have the whole of the moiety go to the officer, I think part of it should go to the municipality that is responsible for policing and seizure.

Mr. VENIOT: I do not remember whether there is any provision in the Customs Act whereby the department has paid for the upkeep of a prisoner during the period of his incarceration.

Mr. MATTHEWS: There is no such provision.

Mr. VENIOT: Well, the federal government does not go as far as provincial governments do in carrying out provincial liquor acts. Where a person is convicted for violating the provincial liquor law and confined to the county gaol, they make arrangements with the municipality to pay the board, so to speak, of the individual so incarcerated. I have often thought lately whether it was fair for the dominion government to make an arrest for a violation of the customs or the excise act, to confine the person convicted to prison for a period running, say from three to fifteen months, and to allow the municipality to pay the expenses of the upkeep of that individual in gaol. In order to relieve the municipalities to a certain extent, especially during these hard times, we ought to make some provision whereby in the case of a person convicted under this or the customs act and imprisoned, the department concerned of the federal government should at least look after the expense of that individual to the county while he is in the county gaol. Will the minister take that into consideration?

Mr. MATTHEWS: Certainly.

Mr. MacLEAN: I think this question of paying a moiety to the informer is really embodying a very vicious system in this measure that is being put through. Of course the provision has always been there, but it is absolutely unfair for the government to be a party to paying a moiety of a fine to an informer who possibly just out of ill will to his neighbour informs on him in respect of some minor offence. The man is put in gaol and his family left, as has been stated, to the mercy of the community to be taken care of. That is really encouraging a system which to my mind should not be tolerated, especially when an officer is paid a handsome salary for doing his duty. If under such conditions he cannot conscientiously give time to his position without being a partaker of the fine which the poor chap has to pay, such an officer is not worthy of being an official.

An hon. MEMBER: Poor chap?

Mr. MacLEAN: I am not so much concerned with those who make this a matter of business as with the maker of home brew,

who is usually a poor man. These people do this because very often they have no other way of getting a few cents together; frequently they are not able to pay their fine unless somebody comes to their assistance; They are put in gaol and their families left to be taken care of, in Prince Edward Island, by the province, because we have no municipal councils or districts. The minister should give us a statement of the amount of money distributed yearly in moieties.

Mr. MATTHEWS: I am informed that last year the distribution to officers was about $4,900 for the whole of Canada.

Mr. VENIOT: Does that include all the moieties to the officers and informers? The officer making the seizure under information given by an informer is not allowed to give the name of the informer to the department, the department does not exact it from him.

Mr. MATTHEWS: That is the amount paid to the officers.

Amendment agreed to.

Section as amended agreed to.

On section 126—Regulations.

Mr. MATTHEWS: I will ask my colleague the Minister of Finance to move:

That section 126 of the bill be amended by striking out the word "minister" in the first line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

Amendment agreed to.

Section as amended agreed to.

On section 127—Drawbacks on export.

Mr. MATTHEWS: I will ask the Minister of Finance kindly to move:

That section 127 of the bill be amended by striking out the word "minister" in the first line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

Amendment agreed to.

Section as amended agreed to.

On section 155—All spirits to be warehoused.

Mr. MATTHEWS: I will ask the Minister of Finance kindly to move:

That subsection 6 of section 155 of the bill be amended by striking out the word "minister" in the first line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

[Mr. MacLean.]

Mr. EULER: I would just like to ask whether this was the only objection.

Mr. MATTHEWS: Yes.

Mr. EULER: There is no other objection to the passing of these clauses?

Mr. MATTHEWS: No.

Amendment agreed to.

Section as amended agreed to.

On section 156—Equivalent how determined.

Mr. MATTHEWS: I will ask the Minister of Finance to move:

That section 156 of the bill be amended by striking out the word "minister" in the first line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

Amendment agreed to.

Section as amended agreed to.

On section 159—Bottling spirits in bond.

Mr. MATTHEWS: I will ask the Minister of Finance to move:

That section 159 of the bill be amended by striking out the word "minister" in the first line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

Amendment agreed to.

Section as amended agreed to.

On section 161—Removal of spirits from distillery.

Mr. MATTHEWS: I will ask the Minister of Finance to move:

That section 161 of the bill be amended by striking out the word "minister" in the fourth line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

Amendment agreed to.

Section as amended agreed to.

On section 180—Regulations.

Mr. MATTHEWS: I will ask the Minister of Finance to move:

That subsection 1 of section 180 of the bill be amended by striking out the word "minister" in the first line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

Mr. EULER: Perhaps I should know this, but I do not. I would like to inquire whether in these amendments there is discrimination as against the Minister of National Revenue as compared with other ministers? Are some of the ministers of other departments not permitted to make regulations without appealing to the governor in council? I am rather in sympathy with my hon. friend.

Mr. MATTHEWS: I am sorry the ex-Minister of National Revenue was not here a few days ago—

Mr. EULER: So am I.

Mr. MATTHEWS: —but where the change had previously been made to "minister", these amendments are made on the strong representation of my hon. friend's right hon. leader.

Mr. EULER: And by agreement with the right hon. leader of my hon. friend?

Mr. MATTHEWS: By concurrence.

Amendment agreed to.

Section as amended agreed to.

On section 216—Manufacture in bond may be authorized.

Mr. MATTHEWS: I will ask the Minister of Finance to move:

That section 216 of the bill be amended by striking out the word "minister" in the first line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

Amendment agreed to.

Mr. MATTHEWS: I will ask my colleague to move:

That the said section be further amended by striking out the word "departmental" in the sixth line thereof, and all words following, and substituting therefor the words "regulations made by the governor in council in that behalf."

Mr. RHODES: I so move.

Amendment agreed to.

Section as amended agreed to.

On section 235—Regulations respecting sale of spirits.

Mr. MATTHEWS: I will ask the Minister of Finance to move:

That section 235 of the bill be amended by striking out the word "minister" in the first line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

Amendment agreed to.

Section as amended agreed to.

On section 236—Generally.

Mr. MATTHEWS: I will ask the Minister of Finance to move:

That section 236 of the bill be amended by striking out the word "minister" in the first line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

Amendment agreed to.

Section as amended agreed to.

On section 262—Regulations.

Mr. MATTHEWS: I will ask the Minister of Finance to move:

That section 262 of the bill be amended by striking out the word "minister" in the first line thereof and substituting therefor the words "governor in council."

Mr. RHODES: I so move.

Mr. EULER: Just to vary the proceedings I should like to ask the minister whether the inclusion of the word "minister" in these clauses was done for the purpose of expediting and making more convenient the work of the department. There must have been a reason for it.

Mr. MATTHEWS: That really was the reason for it. The minister was given certain powers, to which strong exception was taken. In conformity with our usual good humour and consideration we have changed it.

Mr. STEWART (Edmonton): I think it is quite in order. The minister makes the recommendation and submits it to the governor in council over his signature, as it should be if you are going to preserve any control.

Amendment agreed to.

Section as amended agreed to.

On section 128—Legal effect of regulations.

Mr. MATTHEWS: The last section to be referred to is 128. That was allowed to stand. The section reads:

All regulations made under this act shall have the force of law, and the person guilty of any violation of any regulation shall be subject to such penalty or forfeiture as by this act is provided.

This section needs no amendment. I should like to point out that the powers sought are definitely less than those given in the existing section. All you have to do is to compare the language. Section 137 of the act says:

... any violation of any such regulations shall subject (the person) to such penalty or forfeiture as is, by the said regulations, imposed for such violation.

It also speaks of departmental regulations as well as regulations made by the governor in council. So that to-day the minister could, without consulting his colleagues, make a regulation under which a man might be imprisoned for six months, and it would have the force of a statute. No such extreme delegation of parliamentary power is sought in the bill. The bill reads "such penalty as by this act is provided." Parliament itself is to fix the penalties.

Mr. MACKENZIE (Vancouver): Compare that with the marketing bill.

Mr. STEWART (Edmonton): I think the change of 126 and 127 of the bill obviates the necessity of touching 128.

Mr. MATTHEWS: Yes, quite so.

Section agreed to.

Mr. STEWART (Edmonton): There are over 200 sections in this bill. I have not had opportunity to look at it—

Mr. MATTHEWS: They were all passed.

Bill reported; amendments read the first and second time and concurred in.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. RHODES: To-morrow night occurs an annual event of very great importance to which those who are privileged to attend always look forward with very great eagerness and expectation. That it has been an unqualified success in past years has been due to the fact that it had the devoted and assiduous attention of the representatives of the fourth estate who are associated with us in parliament, and so that it may have the same success to-morrow night as in previous years I hope that the representatives of the fourth estate will have the opportunity through an early adjournment to-night of addressing themselves solely to its well being. In fact this event is of such importance as to transcend all other considerations not excepting the business of the high court of parliament itself. Therefore, Mr. Speaker, I move that the house do now adjourn.

Mr. STEWART (Edmonton): Before we adjourn I suggest to the minister that it would be a happy thought to allow us to adjourn so that members of the house may rest as well.

Mr. HANBURY: Before the question is put I would like to take this opportunity of directing the attention of the Minister of Finance and the government to the fact that some of us come from places many hundreds and indeed thousands of miles away. We have been here now for four and a half months, and we are hoping to get home. I trust the government will take into consideration Wednesday evening sittings or morning sittings as soon as possible. When time may be taken to encourage the members of the fourth estate and to celebrate Empire day and things of that sort, I hope we shall be given some consideration by the session being brought to a close so that hon. members may be permitted to get back to their homes and business.

Mr. RHODES: I can assure my hon. friend that his remarks strike a responsive chord as far as I am concerned. I shall be very happy to pass them on sympathetically and commend them to the favourable consideration of the Prime Minister and my colleagues.

Motion agreed to and the house adjourned at 10.10 p.m.

Monday, June 11, 1934

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

DEBT OF GREECE TO CANADA

Mr. JACOBS:

1. What is the outstanding indebtedness to Canada by the government of Greece?
2. When was such indebtedness incurred, and if funded, in what year?
3. Has the government of Greece paid anything on account of principal and interest since December 31, 1931, and if not, what steps, if any, have been taken to obtain payment?

Mr. RHODES:

1. $6,525,000 principal amount with interest since June 30, 1931.

2. Indebtedness incurred in 1919; funded in 1923.

3. No payment on account of principal or interest has been received since the payment due June 30, 1931. Payments due in the year 1931-32, totalling $563,250, were deferred in accordance with the international moratorium on inter-governmental debts. Subsequently Greece deferred payment on its external indebtedness, whether held by governments or the public.

Negotiations have been proceeding for a resumption of the service of such debt and the claims of Canada have been put forward as occasion required.

ILLEGAL IMPORTATION OF MOTORCYCLES

Mr. MacMILLAN (Saskatoon):

1. Did one Ceabern Charles Stoliker, of Asquith, smuggle two motorcycles into Canada from the United States of America on or about April 24, 1914?

2. Did the preventive service of the Department of Customs seize two motorcycles, the property of Ceabern Charles Stoliker, of Asquith, on or about April 24, 1914?

3. Did the said C. C. Stoliker admit that he, wilfully, concealed two motorcycles in a so-called car of settler's effects coming into Canada from the United States in order to evade paying duty on same?

4. What disposition was made of the motorcycles seized?

5. If the seized motorcycles were sold, who was the purchaser and what was the amount paid?

6. What was the duty paid value of the two motorcycles?

7. Did the said C. C. Stoliker, of Asquith, make a false declaration at the customs port of entry at Saskatoon regarding a so-called car of settler's effects in the spring of either 1913 or 1914; if so, on what day and date?

8. Did the customs preventive service seize goods, the property of one C. C. Stoliker, of Asquith, in April, 1914?

9. If so, give list of goods seized?

10. What disposition was made of the goods referred to in question (9)?

11. How much did the department collect by way of duty on the seized goods?

12. Did the said C. C. Stoliker, of Asquith, give a sworn statement to the effect that he, wilfully and knowingly, endeavoured to smuggle goods into Canada, thereby evading the customs laws of Canada?

13. What was Mr. C. C. Stoliker's occupation in the United States and his address?

Mr. MATTHEWS:

1. No, but it was charged that one, Ceabern Charles Stoliker of Asquith unlawfully imported two motorcycles without payment of duty in a car of settlers' effects in June, 1913.

2. Yes.

3. Yes.

4. Motorcycles were forfeited and sold by public tender.

5. "Indian" sold to Mr. Harry Greenway, Saskatoon, for $101, "Mitchell" sold to Mr. J. H. Boulton, Saskatoon, for $3.

6. "Indian", $253.12, "Mitchell", $27.

7. Yes on two occasions, April 7, 1913, and June 11, 1913.

8. Yes.

9. 5 horses; 1 buggy; 1 seed drill; 1 mower; 1 horse rake; 2 sets of harness; 2 wagons; 1 plough; 1 cultivator; 1 cow and calf; 160 hens and chickens.

10. Released to Ceabern Charles Stoliker.

11. $286.50 and a like sum as penalty.

12. No, but furnished a statutory declaration admitting misrepresentation and evading payment of customs duty.

13. Given as school teacher, Drayton, North Dakota.

QUESTION PASSED AS ORDER FOR RETURN

CANADAN NATIONAL RAILWAYS—WINDSOR TICKET OFFICE

Mr. MORAND:

1. What is the rental, length of lease, and date of expiration of lease in connection with property occupied by the Canadian National ticket office in the city of Windsor?

2. What was the rental, time of expiration of lease of the former Canadian National ticket office on Ouellette avenue, Windsor?

3. What other offices were rented by the government in the Border Cities, during the last five years, and what rental was paid in each case and to whom was it paid?

Mr. CAHAN: Return tabled herewith.

MOTIONS FOR PAPERS

NOVA SCOTIA COLD STORAGE COMPANY LIMITED

Mr. VENIOT (for Mr. Ralston):

For a copy of all correspondence, letters, telegrams, order in council and other documents, since January 1, 1933, whereby the Halifax harbour commissioners or the federal government undertook certain responsibilities in connection with the Nova Scotia Cold Storage Company, Limited, or its securities.

QUEBEC—NORTH SHORE AIR MAIL

Mr. VENIOT (for Mr. Casgrain):

For a copy of all documents, letters, telegrams, and correspondence, exchanged between the Post Office Department at Ottawa and Quebec, and the Canadian Airways Company Limited, respecting air-mail carriage from Quebec to the north shore, and the existing contract between the Post Office Department and such company.

SHEET HARBOUR—UPPER MUSQUODOBOIT MAIL SERVICE

Mr. VENIOT (for Mr. Ralston):

For a copy of all letters, notices, tenders, orders in council, contracts and other documents, respecting the mail service between Sheet Harbour and Upper Musquodoboit, Halifax county, since January 1, 1934.

WHEAT AGREEMENT

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): I would like to draw to the attention of the government a dispatch from London, England, appearing in this morning's press entitled "Alarm caused by Argentine wheat stand," and to quote a statement made therein by the Canadian High Commissioner upon which I wish to base my question to the government. The statement is as follows:

"We have reported the situation to Ottawa, which is our usual practice with wheat," the Canadian Press was told to-night by Hon. G. Howard Ferguson, Canadian High Commissioner.

Declining to comment on statements that a "wheat war" was in the offing, with Canada likely bearing the brunt, Mr. Ferguson added that what will happen with regard to the Argentine quota is a question of policy which can only be decided, so far as the Canadian government is concerned, at Ottawa.

I would ask if the government are in a position to state what their policy is with regard to this matter.

Right Hon. R. B. BENNETT (Prime Minister): The government's policy, Mr. Speaker, has been made known to this house, and the discussions with respect to the agreement are still proceeding. The article to which reference has been made was drawn to my attention. It is perhaps a somewhat stronger statement of the situation than the facts warrant. Nevertheless the fact is that the Argentine, having had a very much larger crop than was anticipated, contends that the quota accorded to her in the agreement is not sufficiently large to meet her export requirements.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, arising out of the reply of the Prime Minister might I ask if he does not think that the time has come when this house should have a day set apart to discuss this international wheat agreement? I cannot debate the matter upon the orders of the day, but if I had a right to do so I would ask it as a question of privilege. If we can afford to take a day to discuss sweepstakes surely we can afford to take a day to discuss this international agreement which has not yet been concurred in by this house, and which is a very much more important matter than many sweepstakes.

Mr. BENNETT: Mr. Speaker, the matter has been discussed so frequently and at great length that it is not the intention of the government to set aside a day for the purpose.

[Mr. Veniot.]

ONTARIO ELECTORAL ACT

On the orders of the day:

Mr. J. A. BRADETTE (North Timiskaming): I wish to direct a question to the hon. Secretary of State. There is a clause in the amended Ontario Electoral Act which I believe interferes with federal rights. Under that clause a woman who became a British subject through marriage or through the naturalization of a parent when she was a minor is compelled to go through various court processes before she can vote. I would ask the hon. Secretary of State if this does not conflict with the federal law.

Hon. C. H. CAHAN (Secretary of State): Mr. Speaker, the Ontario legislature has complete jurisdiction with respect to its own electoral act. It may allow all British subjects to vote or it may preclude certain classes of British subjects from voting, and therefore I think its electoral act is probably within its legislative jurisdiction, although that is a matter upon which the Minister of Justice could give a more authoritative opinion than I.

WHEAT SALES IN THE ORIENT

On the orders of the day:

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, I do not like to refer again to the return that I have asked for with respect to the Hon. Mr. Marler and his report to the government on the possibilities of extending our trade with the orient in wheat and flour. If I had the right under a question of privilege to discuss it a little bit I would do so, Mr. Speaker, because the return placed in my hands is about as hollow as a drum and as informative as the dodo. An order has been passed by this house instructing the government to make a return giving the correspondence and cablegrams of the Hon. Mr. Marler and any other documents, not merely fiddle-dee-dee letters such as were tabled and which I have here in my hand. I want the report of the Hon. Mr. Marler and I think the Minister of Trade and Commerce (Mr. Stevens) has it. If I know anything about this thing, he is the sinner. I should like to hear from him. I have tried to be very generous because of the action of his officers the other day when they came to my room and told me that there were so many documents to copy, and we agreed as to what should be returned.

Mr. SPEAKER: If the hon. member is not satisfied with the return, he may ask for a further return but this is not the occasion to make a speech.

Mr. MOTHERWELL: All right, but I want the Minister of Trade and Commerce to ante up with the real return or there will be trouble around here.

EXPORT PRICE OF NICKEL

On the orders of the day.

Mr. E. J. YOUNG (Weyburn): Some three weeks ago I asked the Minister of Trade and Commerce (Mr. Stevens) a question with regard to the export price of nickel. I wonder if he is able to give me an answer in that regard.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, the question asked by the hon. gentleman is a very difficult one to discuss or answer in the way which he has in mind. The bureau of statistics, under the Statistics Act, a statute of this country which definitely and absolutely controls its activities, secures information from various sources which is strictly confidential. It is provided by that act—I think the same thing applies to other information under other statutes—that where the information is from one firm and the publication of that information would be a disclosure of the firm's private affairs, it is not competent for an official to give out the information. As far as he has been able to do so the dominion statistician has complied with the request. Personally, I think it is unfair to discuss the affairs of an industry which is in fact a single company industry under, shall I say—I do not blame my hon. friend in this respect—the guise of public statistics. I am sorry it has not been possible to give publicly the answer which the hon. gentleman desires but I think he will agree that I have done everything which could be reasonably expected to be done to meet his wishes. I should be very glad to discuss this further with him but the fact remains that there is a statute which controls the officials of the government. If the hon. gentleman would intimate to me privately any further information he desires, I will have an investigation made within the ambit of the statute and see if we cannot meet his wishes.

Mr. MOTHERWELL: We will wait until to-morrow.

Mr. STEVENS: I was speaking to the hon. member for Weyburn (Mr. Young) on another question altogether.

Mr. MOTHERWELL: You were looking squarely at me.

Mr. STEVENS: I was looking over my hon. friend's head.

Mr. MOTHERWELL: I thought the hon. gentleman must be talking Dutch if he were answering my question.

Mr. STEVENS: I was talking to the hon. gentleman behind you.

Mr. MOTHERWELL: I am on the same line of vision.

BANK ACT AMENDMENT

CONDITIONS GOVERNING TEN YEAR EXTENSION OF BANK CHARTERS

Hon. E. N. RHODES (Minister of Finance) moved the third reading of Bill No. 18, respecting banks and banking.

Motion agreed to on division, and bill read the third time and passed.

EXCISE ACT AMENDMENT

Hon. R. C. MATTHEWS (Minister of National Revenue) moved the third reading of Bill No. 89, to amend and consolidate the Excise Act.

Motion agreed to, and bill read the third time and passed.

QUEBEC SAVINGS BANKS ACT

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee on Bill No. 33, to amend the Quebec Savings Banks Act.

Motion agreed to and the house went into committee, Mr. McDonald (Cape Breton South) in the chair.

Section 1 agreed to.

Bill reported, read the third time and passed.

SOLDIER SETTLEMENT ACT

Hon. W. A. GORDON (Minister of Immigration and Colonization) moved the second reading of Bill No. 94, to amend the Soldier Settlement Act.

Motion agreed to and the house went into committee, Mr. MacDonald (Cape Breton South) in the chair.

On section 1—Director to be a corporation sole and agent of crown in right of Canada.

Mr. NEILL: I wonder if the minister would give us some information in regard to this matter. There does not seem to be a section with respect to the title on which we could discuss the general principles of the bill, but perhaps he will allow me to ask him some questions under this section. In moving the

first reading of the bill the minister indicated that it was to be done at the request of various municipalities—rural municipalities—and inferentially we gathered that it was going to help the settler. I would ask him however wherein this act would do the one or the other. The municipality is not going to be put in the position, as we thought it was, of getting taxes from the government, but merely the land, which it does not want. Possibly the minister will reassure us by intimating that it is the intention of the government to pay the taxes, although it does not state so here.

The other point on which I should like some information is this. Under the third section, on the municipality instituting proceedings, which is rather an indefinite way of expressing it, the settler's contract of sale with the soldier settlement board is automatically rescinded. Is not that going to work a serious hardship on the soldier settler? The government have the right to-day to rescind the agreement upon non-payment; but they have recognized from time to time, and quite properly, that when times are very bad and farmers who own their land, free of any debt or mortgage, cannot make a living on it, then the settler certainly cannot make annual payments, and the government have made reasonable allowance in cases of that kind. They do not rescind so long as there is any reasonable hope of the man being able eventually to make good. Under section 3 however it is automatic; there is no preference. The very minute the municipality finds that its taxes are not paid, and takes legal proceedings—advertising and so forth—then it is automatically rescinded and the government cannot help themselves even if they wish to. I submit therefore that it is certainly going to work an increased hardship on the soldier settler. I do not think that the statement made on the first reading and sent out to the settlers concerned conveyed the true impression. I do not believe that the settlers gathered the impression that the moment their taxes were not paid they would lose their whole equity in the land. The government may have an equity of a couple of thousand dollars and the soldier an equity of a thousand dollars. I do not know whether the government will drop their $2,000; it is optional. They may pay the taxes, although it is not so stated here; but will not this automatically lead to the rescinding of a lot of agreements which to-day are behind but which the department, owing to economic conditions, are not enforcing?

Mr. GORDON: There will be no rescission of contracts upon the passing of this legislation. If one refers to section 2 of the bill it will be seen that it goes into operation from and after the first day of January, 1933, and the dominion government is taking care of unpaid taxes up to the end of 1932, the 1933 taxes of course not having come in yet.

With respect to the hon. member's other point, this bill places the soldier settler in exactly the same position as other settlers throughout the country. It will be remembered that this legislation has been in force now for some fifteen years and the position to-day is that there are settlers who have not paid their taxes, the same as any other settler, and in some instances it has cast a considerable burden upon the municipalities concerned.

The soldier settler, I am informed by the municipalities throughout the country, have perhaps done as well, as a municipal tax-paying body, as any other class of settlers in the dominion. For instance, in British Columbia the soldier settler has paid 40 per cent of his taxes for last year, as of May 15, 1934; in Alberta, 38·3 per cent; in Saskatchewan, 59·5 per cent; in Manitoba, 57·3 per cent; in Ontario, 70 per cent; in Quebec, 30·4 per cent; and in the maritimes 65·5 per cent, the average for the dominion being 51·6 per cent.

The representations are that there are municipalities which, by reason of the purchase of these lands by the crown, in the working out of the Soldier Settlement Act, and the automatic withdrawal from municipal taxation of such lands standing in the name of the crown as to legal title, only the interest of the settler being capable of assessment, have suffered considerably owing to the fact that they have not been able to assess the lands and to have recourse to them for municipal purposes. The intention of this legislation is to render those crown lands, in so far as recourse to the same for municipal purposes is concerned, liable to ordinary municipal taxation. The following section gives the settler some protection in cases where the lands are liable to be sold for taxes, and in fact are sold; the settler has then the right to redeem those lands within the period set out in the section. That is substantially what this legislation seeks to have prevail.

In cases where the municipal authorities take proceedings to sell the lands for arrears of taxes, this does not take away from the director the right to redeem those lands and if he considers the case a proper one, to make a new agreement with the settler. Of course that discretion has always been in the board and is not being taken away from the director

by this legislation; but it places those lands, so far as taxes are concerned, in the same category as lands of any other settler. That is the effect of this legislation.

Mr. NEILL: I am grateful to the minister for allowing this discussion on the principle of the bill. He says that this puts the soldier settlers into the same position as other settlers in Canada. That is partly my argument; that it is going to do them an injury because at present they are not in the same position as any other settlers. He says that this will ease the burden upon the municipalities, which burden has been considerable. I do not see how letting them take the land is going to lessen the burden on them as they inevitably will have to take the land for the reason that the soldier settlers will not be able to pay the taxes.

Mr. GORDON: Not all of them.

Mr. NEILL: If the government were to announce—and I think this is what the settlers desire in such cases—that it would pay the taxes and charge them up to the settlers, then the status quo would be maintained; that is to say, the municipalities would be relieved; the government equity would be preserved, because after all the taxes have to be paid, and the settler would not have his agreement automatically rescinded. It is the automatic feature of rescindment to which I object. The minister said that the proportion of taxes paid by soldier settlers varied from thirty to forty per cent, but the general payment all over Canada was 51·6 per cent. That shows the soldier settlers are not able to pay up in the same proportion as are the other people.

Mr. GORDON: I said that the average payment over the dominion was 51·6 per cent.

Mr. NEILL: For the soldiers?

Mr. GORDON: Yes.

Mr. NEILL: The minister did not tell us that it was only for the soldiers generally; it is very small if it dropped down to 30 per cent.

He told us that in the succeeding clauses some protection was given to the soldiers, but there is no more protection than we all have already. If we are able to pay up the back taxes, we get the land back.

The minister said that the government might redeem the lands and in that case they would make a new agreement. They cannot do that because it would be only a reversion to the existing agreement. The government can at any time rescind and I give them credit that they have not enforced their rights unduly.

This is the situation I am trying to set forth. Let us take the average farmer—and heaven knows we have heard this time after time in the house—a man with a thoroughly equipped farm, improvements, stock and everything else, who does not owe any debt on the land, and who to-day cannot pay his debts, his taxes. There are members in the house who have said they cannot pay their taxes. The soldier settler is in a different position; he has a heavy mortgage due to the government hanging around his neck. That must be so because he would not be a soldier settler if he had paid up in full. All these soldier settlers have mortgages varying from $1,000 to $5,000 with amortization and interest charges due every year and they will be very much less able to pay their taxes than will the ordinary settler. Most of them having started more or less recently are not so well equipped as the ordinary settler. The government has recognized that fact and very properly so. I heard the minister say in the house last year that during the depression they would not unduly squeeze a man who was trying to make any kind of effort to make good. If he was not going on relief and was trying to do what he could to make good, they would not worry him about his payments in arrears, and I suppose during the depression these men have been carried along. Anyone who reads the provisions of clause 3 of this bill knows that the very moment the municipalities begin to put into force the law with regard to unpaid taxes, the agreement is automatically rescinded. The government has not any option; the agreement is rescinded forthwith, with all that it involves. It does not matter if the man has been carried along during these years; Now, either the municipality or the government takes possession and puts him out. In that way I maintain that conditions will be worse under this bill than they were before for the soldier settlers. After all, the main object is the benefit of the returned man and keeping him on the land. We have kept him on it now for five or six years of depression; another year might put him on his feet again, but under this bill the agreement will automatically be rescinded.

Mr. REID: I think the situation is a little more difficult than the hon. member for Comox-Alberni (Mr. Neill) has made out.

Under our tax sale laws in British Columbia the ordinary settler who is notified that his property will be sold for taxes can, prior to June 1, upon paying one year's taxes keep that property off the tax sale. My information is that many of the soldier settlers are one, two, three, four, five and six years behind with their taxes. Immediately this bill goes through, they have no recourse; they cannot go to the municipality and by offering one year's taxes keep the property off the tax sale.

Mr. GORDON: If I might interrupt the hon. member so that he may have the correct situation; he has been misinformed. All the back taxes of the soldier settler were paid up to the end of 1931 and they will be taken care of up to the end of 1932.

Mr. NEILL: By the government?

Mr. GORDON: Certainly.

Mr. REID: That alters the situation and makes it much easier, but my information from some of the municipalities was to the effect that many of these soldier settlers were away behind with their taxes.

Mr. GORDON: The municipalities were wrong.

Mr. REID: Last year in British Columbia only 40 per cent paid their taxes in spite of the fact that the government offered dollar for dollar, and that shows that many of the soldier settlers must be in bad shape indeed. My first point, however, is still correct, that they will not be able this year by paying the municipality one year's taxes to keep their property out of the tax sale; that is, they are two years behind. But this point has been discussed for a long time in British Columbia. Seeing that the Prime Minister is in his seat, I would like to put this question to him, because it arises out of this bill. By this legislation land which was originally looked upon as crown land is now being taken out of that status and being placed under a different category

Mr. BENNETT: No.

Mr. REID: Clause 2 so states:

> To have been held by the said director of soldier settlement as such corporation sole and not as an agent of the crown in the right of the Dominion of Canada.

In reading that I would be inclined to think this will make soldier settler land in future subject to tax sale and not the property of the crown. I was just wondering whether that could be done also with land under the harbour commissioners.

Mr. BENNETT: Well, as usual the hon. gentleman is wrong.

Mr. REID: Not as usual.

Mr. BENNETT: I have always noticed the hon. gentleman's desire to make some political capital warps his judgment. If he had really taken the trouble to read this he would have found that the situation was entirely different. The property, all of it, has passed from the crown. It is not subject to taxation at all unless it does. Once having passed from the crown either to some third person who owned it, or to the soldier settlement board as a corporation sole, it is subject to taxation if we do not provide that it holds it as agent for the crown; if the corporation holds as agent for the crown it is believed that it is not taxable. The harbour board does not hold the Vancouver property, it belongs to the crown, and as such under the British North America Act it is not taxable and cannot be taxed by this parliament or any legislature or municipality.

I think I should make a few observations with respect to this matter generally, because the hon. member for Comox-Alberni (Mr. Neill) seems also to misunderstand the situation. There are members of this house who will recall that when the Soldier Settlement Act was originally passed it was stated by the government of that day that as a result of the soldier settlement board holding the land as trustee for the crown the municipalities were not to suffer. So the crown has paid taxes; the hon. member for West Edmonton (Mr. Stewart) as Minister of the Interior will recall that under his direction a bill was passed to make provision in certain directions. Valuations have been reduced by direction of this parliament, but last year, the year before, and in fact for the last seven or eight years I was going to say, the municipalities of western Canada have been pointing out to the government that they had no recourse against the land and in some cases were being very badly exploited under conditions to which they objected very strenuously. They said to the government, as they had said before: We ask you by appropriate legislation to place these lands in exactly the same position as the lands of other settlers in the community; so that while we always had the right to sell the interest of the settler in the land for his taxes, as long as you held the title in the form I have indicated there was no power of sale of the land as such. For many years it was contended that the municipality could not sell the interest of a settler for taxes if the land were owned by the crown or through the instrumentality of the crown. Finally, how-

ever, in a case that went to the privy council from Saskatchewan, and a like case that went from one of the other provinces,—the Three Hills case will be remembered by some hon. members from Saskatchewan—the privy council held that the interest of a settler could be sold for taxes, that he had a property in it that enabled the taxes to be realized if possible from the sale of his interest.

We, that is the crown, have paid the taxes. Last year again the municipalities pointed out that by reason of the existing legislation the payment of their taxes was retarded; except such as they got from the crown; and if the crown did not pay, the machinery for the sale for taxes of the settler's interest was very complicated and difficult. They thereupon said to us: We are entitled to have you decide one of two things; first whether your interest is sufficiently important to warrant your paying the taxes yourselves, or secondly, whether you are willing to abandon your interest and leave it between the settler and the municipality. The officers of the municipality being settlers in the same community as the soldier settler, knowing him and understanding his conditions, would be able to deal with him from local knowledge on the spot in a much better manner than the government if they abandoned their interest as I have indicated, selecting the second alternative mentioned.

The question was, what form of legislation should be enacted and when it should become effective. We have undertaken, and in the supplementary estimates propose to make provision to pay the taxes on such areas as we believe taxes should be paid upon up to the first of January, 1933. Then we leave it to the municipality and the settler.

Mr. NEILL: They have not been paid to date?

Mr. BENNETT: We have paid to January 1, 1933. Last year's arrears do not render the property liable to be sold for taxes, that is only one year back.

Now I can answer the point that the hon. member for Comox-Alberni has made in a very simple way, by pointing out to him that when the matter is left between the municipality and the settler it rests with the municipality to take the action. If the municipality takes the action suggested then of course there is no longer any contract between the crown and the settler. But the Department of Justice, in order that there may be no likelihood of anyone being misled, have added the words that the hon. gentleman has directed attention to, so that it is quite clear and beyond peradventure that the effect of action by the municipality taking proceedings to sell the property will be, as we believe the soldier settlers are anxious it should be, that we are eliminated from the transaction and the matter then is between them and the municipality.

Mr. NEILL: Does it not also eliminate the leniency of the crown?

Mr. BENNETT: But it substitutes the leniency of the municipality where the man lives.

Mr. NEILL: They have not any, they have to hold tax sales.

Mr. BENNETT: But in the first instance it rests with them how they shall be made, what payment shall be made on account and so on. As a matter of fact they all exercise discretion, whether rightly or not I do not know; small payments have been held to be sufficient to take it out of the compulsory phase of the law and substitute the purely discretionary phase. The effect is, I point out again, that the crown must exercise its discretion as to whether or not, having regard to the extent of its interest in the property, it will pay the taxes. This is simple and clear, is it not? In arriving at the conclusion of course the crown takes the report of its inspectors as to the value of the property, whether it is occupied or not and all those factors that usually determine the judgment of men in matters of that kind. The crown has put $38,000,000 by rebates and reductions under the statute into these properties. We still shall pay this year $654,000 for taxes to the first of January, 1933.

The second alternative is this. If the crown determines that the property, for reasons I have suggested, is not such as to warrant the payment of taxes, it abandons its interest, that is the effect of it, and the settler settles with the municipality. That is the position. The effect in law of course is that when the municipalty does take proceedngs, if owing to the paramount right of the crown there might be some question as to the validity and legality of them, the Department of Justice makes it clear that the effect is to eliminate the crown from the transaction and leave it between the settler and the municipality.

Mr. BROWN: Do we understand that the crown will deal with individual cases on their merits, or that the same policy will apply to all lands?

Mr. BENNETT: The general policy, as the hon. member for Lisgar (Mr. Brown) knows, has been to leave to the crown discretion with respect to the payment of taxes always. That is if the land is not worth paying taxes on, has been abandoned or anything of that sort, the crown can either let the property go or pay the taxes. There has always been a discretion exercised by the crown in connection with all these properties. Values could never be made for instance on the basis of a rule that endeavoured to deduct a certain percentage. The committee will perhaps recall that we appointed the registrar of the supreme court to act as a judge of the exchequer court for the purpose of making a final determination in respect of some of these matters.

Mr. REID: I do not mind the Prime Minister taking me to task and telling me I am wrong, but I think his statement as to a political point of view was uncalled for. It was purely on behalf of the settler, and as one who was at one time president—

Mr. BENNETT: I was not talking about the settlers, I was talking about Vancouver.

Mr. REID: Well the point that arose in my mind was not political. As one time president of the union of municipalities we had this case in hand and were told year after year that crown lands could not be taxed.

Mr. BENNETT: That is true yet.

Mr. REID: In reading the bill I thought crown lands were being made liable to taxation and so subject to sale. Interpreting the bill in that way I was wondering if the same thing could not be done in connection with land held by harbour commissions. I am quite aware that leaseholds can be taxed, including leaseholds of harbour property, but the fight between the municipalities and the government has been as to the right of the government to set aside harbour lands and lands under the soldier settlement board and evade the payment of taxes simply by saying that crown lands cannot be taxed under the British North America Act.

Mr. BENNETT: I am sorry to correct the hon. gentleman again. It is perfectly clear that it is open to the city of Vancouver, and always has been open since the determination of the privy council in the Three Hills case, to tax the leasehold interest of every person occupying harbour commission lands on the water front of Vancouver. But by their legislation they endeavoured to treat them as fee simple lands, which was a contravention of section 125 of the British North America Act. The distinction is clear. The interest that another has in crown property is taxable. The property which is held by the crown is not taxable, and until the British North America Act is amended at Westminster neither this parliament nor the province nor the municipality can change that condition.

Mr. REID: So that I may have it clear I wonder if the Prime Minister would tell me if I am correct in this: Will not this statute make it possible for crown lands to be sold by a municipality, and the municipality to become owner of those lands?

Mr. BENNETT: No, not crown lands. Lands held by the director of soldier settlement as a corporation sole, just as lands held by John Jones, would be liable.

Mr. HANBURY: Or by the farm loan board.

Mr. BENNETT: Exactly. The distinction, which I trust the hon. gentleman will have clear in his mind even though it is a legal distinction, is this: If the property is held by the director as an instrumentality of the crown, that is as an agent of the crown, it is crown property and therefore not taxable. If it is held by him as a corporation sole—and we have made him a corporation sole by our legislation—in that capacity he has no immunity from taxation.

Mr. NEILL: Will the Prime Minister not agree with what I started to say, that possibly a soldier settler will be in an even worse condition? I do not know the laws in the east, but in British Columbia the municipal laws require that municipalities shall hold a tax sale every year, and they will sell these men out at the end of this year for taxes incurred in 1933. That is the law. Under the old system the government did have power to carry these settlers along without rescinding their agreement, and they have done that for four or five years. Now they are going automatically to rescind the agreement. Would the Prime Minister say whether that is not so?

Mr. BENNETT: That is covered by the third principle which I should have mentioned. My colleague was going to deal with that, but he suggests that since I have taken part in the discussion I had better deal with this point as well. The right of redemption is still in the crown as well as in the settler.

Mr. STEWART (Edmonton): That will be governed by the provinces?

Mr. BENNETT: Yes, it is entirely under provincial laws, but by this statute the right of redemption may be exercised by the crown as well as by the settler.

Mr. STITT (Nelson): I appreciate the sympathy that is being shown to soldier settlers by hon. gentlemen opposite, and I may say that I have always availed myself of every opportunity to assist this class of returned men. At the same time I must say that I have always been at a loss to understand why, because a man goes on the land, he should be entitled to all sorts of consideration. What about the returned solder who went into town and took a job in a sawmill or on the railway or some place else, who bought a lot and built a little home? He gets no consideration at all. To my mind this legislation has been discriminatory from the very start. I recall a case in my own home town. Two brothers came home from the war. One had some training on the land, and was able to go down south and get a loan from the soldier settlement board with which to buy a farm, stock, implements, seed and everything else. He got a fairly good start in life; he has done well, and I believe he owns his farm clear. The other fellow did not happen to have any training in agriculture; he was a fisherman. When he went to the war of course he sacrificed his outfit worth many hundreds of dollars. When he came back there was no provision for helping him to get a start. Nobody bought him any nets or provided him with gear to go to work.

The same thing applied to trappers, who required several hundred dollars to get themselves established, and to prospectors and others, and just as long as this discrimination exists I am going to be in something of a dizzy spin to appreciate just why these soldier settlers should be entitled to special consideration. If you are going to give returned soldiers consideration give it to all of them or do not give it to any. The man on the land is not entitled to any more consideration than the poor soldier in town, who is fighting just as hard as the other fellow is. I know of a good many cases of abuse by soldier settlers; I heard of returned soldier settlers who have been driving around in cars all summer and not paying their taxes; they said the government would pay them. That has been the case right along, and I think the time has arrived for a showdown; there should be a line drawn some place. The municipalities have had a very hard time to get by with the taxes they have been able to collect. The hon. member for Comox-Alberni (Mr. Neill) stated that this legislation compels the municipalities to hold tax sales. He must know as well as I know that hundreds of municipalities in Canada have not held tax sales for several years, and do not intend to hold sales this year. I could name several municipalities which have not held tax sales for the last few years. I find that the municipalities are very reasonable, and all in all I think the government have gone quite a long way in looking after this class of returned soldiers. I commend them for having done so, but I do not think any great hardship will be worked if this legislation is passed.

Mr. SPEAKMAN: If I understand the provisions of the bill aright there can be only one main result from it; that is that through the director of soldier settlement the state will be obliged to pay the bulk of these taxes as action is taken by the municipalities. As I understand it all lands, the title of which is vested in the director of soldier settlement, whether they be abandoned lands, wheat lands, rented lands or lands held under agreement for sale, will be in the same position as lands held by private corporations, and sold or handled by those corporations. The title of those lands, of course, is still with the director. It seems to me that the natural result will be that wherever the equity of the state is sufficient the state itself will be obliged to pay those taxes, for if a sale should result the entire equity of the crown would be wiped out, and the land would come into the hands of the municipalities who would sell it as ordinary land. Under such circumstances, of course, the contract with the soldier settler would be wiped out automatically, because it would cease to be the property of the director and would be put in the position of any other land. As I see the situation, in the majority of cases the equity of the crown in the land is still such that in the final analysis the crown will be obliged to step in and protect that equity by paying the taxes. Certainly that would benefit the municipalities but I doubt whether, in the majority of cases and under such circumstances, the settler himself would be the final sufferer.

As for making a new contract with the settler, would it amount to this? That when proceedings have been taken and the settler has been declared in default, the state owning

the land would be in a position to renew the contract with the settler or to make any other disposition of the lands that it saw fit?

Mr. GORDON: There is nothing to stop that being done.

Mr. SPEAKMAN: So, as a matter of fact, the discretion would still lie with the director to practically the same degree as at present, and there would be the same power of protecting the settler and the same power of perpetuating the contract. It would simply be that the same discretion existed but under somewhat different conditions.

Mr. GORDON: I would say so.

Mr. BROWN: Some of those very same difficulties have been passing through my mind. It may be difficult for those of us who are not lawyers to grasp all these fine points. The Prime Minister has said that the right of redemption would still remain with the crown as well as with the settler. I presume that that right of redemption would only be exercised in case the crown felt that its equity in the particular piece of land was worth preserving. It would seem to follow that in some cases the equity would not be considered worth preserving, as I believe it would not be in some cases. I think it would also follow, as the hon. member for New Westminster said, that land sold for taxes might come into the hands of the municipality. These are some of the things that seem to me likely to happen.

Mr. SPEAKMAN: There is just one point in that respect that is in my mind. As the state has paid taxes up to January, 1932, and purposes paying them for another year, there would be no tax arrears to speak of, and the equity of the state would have to be balanced, not against a large amount of tax arrears, but against what practically amounts to current taxation or, at most, two years'. In most cases, so far as I know, the equity of the state is still greater than the amount of one or two years' taxes.

Mr. CARMICHAEL: I believe the statement was made by the hon. member for Nelson that the returned soldier was getting a special preference under this legislation. I fail to see that such is the case.

Mr. STITT (Nelson): As against a returned soldier living in the village.

Mr. CARMICHAEL: I believe he has been getting a preference in the past but under this legislation it seems to me that he is not going to be in as preferred a position as he was prior to the passing of this legislation, and for this reason. If I got the explanation correctly, all taxes in arrears were paid by the federal government up to the end of 1931, and it is their intention to pay one more year's taxes, bringing the payments up to the end of 1932. Then, starting in January, 1933, the soldier settler is left to deal with the municipality. That means, so far as Saskatchewan is concerned, that the municipalities will have to collect the taxes for 1933, and if the soldier settler is unable to pay the taxes, the land will be sold by the municipality and further penalties placed against the land. That is the position the settler is in under this legislation, but prior to this legislation the dominion government would come along and pay the tax arrears.

I realize that the Union of Municipalities in Saskatchewan is very anxious to have this legislation passed, but I fail to see where it is going to help the municipalities, and to my mind it is going to put the soldier in an unpreferred position. It is going to leave him with the possibility of having his land sold and taken over for unpaid taxes. There is one other possibility. I believe the municipality will be given the right to distrain for taxes. They may come in and distrain grain or other chattels that the settler would have over and above what is exempt. So that in general as I see the legislation, it is going to put the soldier settler in a worse position than he has been in in the past.

Mr. STEWART (Edmonton): One does not like to surmise what may be the intention of the government in regard to amendments but it does seem to me that this simplifies the method of cancellation of agreements. Heretofore when arrears took place the minister informs us that the government were in the habit of paying the taxes and satisfying the municipality, but under this legislation, the moment the municipality takes action against the settler, automatically the agreement is cancelled, and then it is in the discretion of the director whether he shall redeem by payment of taxes or allow cancellation to take place. If cancellation does take place the municipality will come into possession of the land, and the government ceases to be interested. All I can see in it is that it simplifies the method of cancellation of agreement, and perhaps makes it a little easier for municipalities to clear up arrears or have current taxes paid. It is rather a novel method, may I say to the minister? I have every sympathy with the director and with the department in handling

this situation. I know something about it. I must admit that this certainly does simplify the procedure of cleaning up with the settler, and it enables the government to get rid of the lands that they do not care to hold. Those are two things that appeal to me in the legislation.

Mr. GORDON: There is something in what the hon. member for West Edmonton says. The position is this: I believe that the municipalities are in a better position perhaps than anyone else to determine on the spot the man's ability to pay taxes. One hon. member has said that the result of this legislation will be to place the settler in a less preferred position. It does not in my view. It places the soldier settler very much in the same position as his neighbour who is not a soldier settler, with this qualification, that there is still the discretion in the director, in the event of the soldier himself not redeeming, to redeem the lands if the settler is a desirable man trying to make his way but has met perhaps with some misadventure. The director then has discretion to enter into a new agreement with him if he wishes. But it must be borne in mind that when these lands were withdrawn from the municipalities as they were from the passing of the original act in 1919 down until the spring of 1930, it unquestionably placed the municipality, if the taxes were not paid by the soldier settler, because of the setting up of the barrier that they were crown lands, in a difficult position. It is quite true that from year to year a certain amount of taxes was paid by the director of soldier settlement in individual cases. That occurred in each year up until the year 1930. In March of that year the government of the day concluded, and I have no doubt they had very good reasons for arriving at their conclusion, they would pay the arrears of taxes in the prairie provinces, and the agreement that was entered into was so worded that it might continue for an indefinite period subject to cancellation by notice. That did not refer to any taxes in Quebec, the maritime provinces, British Columbia or Ontario; it was just Manitoba, Saskatchewan and Alberta.

Mr. BOWMAN: Was that all arrears?

Mr. GORDON: Yes. I am not going to question the soundness of what was done at that time, but the sum total of the result was that having once cast the die with respect to taxes, up to date the government will have paid—this includes the $604,000 which will be in the supplementary estimates—just over $5,500,000 in taxes. As I have indicated already, the director of soldier settlement in the last few years, on the advice of his officers and because of his own knowledge of the condition of each applicant who has had difficulties, has endeavoured to adopt the course which is best calculated to help the settlers stay upon the land rather than to discourage them. The substance of the present bill is to place in the hands of the municipalities the power to have recourse to the land for taxes, the same as they would have recourse to the lands of any other settler. I think hon. members can be assured that in administering this law no municipality will pick out a soldier settler and impose upon him something which is not imposed generally upon all settlers. If what some hon. members have suggested is true, that no settler can pay anything, I do not think it will make much difference to the municipality, the settler or anybody else. However, in the light of the facts which discloses that the soldier settler as a class is probably the best taxpayer, I do not entertain those views. As I have said, there are municipalities which have had very severe burdens placed upon their treasuries because of the withdrawal of lands for tax purposes. Roads have been extended, schoolhouses built and services rendered by municipalities which in a large measure have been built up by reason of these municipalities. I think the municipality should have the right of recourse to lands held by the director. The municipality is in a better position to determine whether or not proceedings by way of tax sale should be enforced strictly, particularly when the director still reserves to himself the right which he has always had when a settler does not redeem. Under the provincial statutes he may step in and redeem the land and, if it is a proper case, make a new agreement with the settler. The essence of this legislation is an endeavour on the part of the government to relieve the municipalities of the situation which I have indicated and to make the lands held by the director as a corporation available to be placed on the assessment rolls of the municipalities and be subject to taxation, whether or not there is a soldier settler upon them. I do not think hon. members need have much fear that a settler who is trying to pay for his land will find himself in a less favourable position than he is to-day. Under the legislation of last year a large number of soldier settlers paid their taxes and have become entitled to the bonus provided by that legislation.

Mr. BOWMAN: What distinction has been made by the board in recent years in connection with the payment of taxes; that is, when have they paid taxes and when have they not paid taxes?

Mr. GORDON: I am told that all taxes were paid without any distinction, except the taxes upon dominion lands in which the settler is not interested.

Mr. NEILL: There is no doubt the minister is correct when he says that the essence of this bill is to relieve the municipality but I think the effect, so far as the settler is concerned, will be that he will be worse off than he was. Before, the crown had power to rescind the contract any time it was in default. That power was exercised with discretion and leniency but it will be now compulsory to have the contracts confiscated or rescinded automatically.

As the minister referred to the legislation of last year I suppose I am entitled to ask a question. Under that legislation the dominion paid dollar for dollar with the settler for taxes, and the minister stated that a large proportion of the taxes had been paid. I wonder if he could amplify that and tell us the amounts which have been paid. My information is that only a small portion has been paid, even though the sum involved may be considerable. It is only natural that what taxes were paid, were paid by those in position to pay. The struggling settler with a heavy mortgage on his shoulders could not take advantage of what on paper looked like a very favourable offer on the part of the dominion. Some of us predicted that that legislation would not help the small man who was not able to pay. While it looked like a big thing that a settler would get dollar for dollar, if he did not have the first dollar the offer of the second dollar was of no use to him. While I do not intend to introduce them into this debate, I have resolutions before me from settler bodies on the prairies and endorsed by some British Columbia societies asking that all interest be cut out from the date of the last settlement in 1930. I do not suppose this will receive the sympathetic attention of the minister, as he has already rejected the idea. I should like to know if he can give us a definite figure as to the proportion of the outstanding taxes which were paid last year under this dollar for dollar agreement?

Mr. GORDON: I am afraid I have not all the figures which the hon. member has asked for but I can state that under the legislation of last year it would appear that in the Vancouver district forty-two per cent of the soldier settlers took advantage of this offer.

Mr. NEILL: Forty-two per cent of what?

Mr. GORDON: That is the percentage of settlers who took advantage of the legislation of last year. In the Edmonton district the percentage was 37·1; in the Calgary district, 37; in the Saskatoon district, 59; in the Winnipeg district, 53; in the Toronto district, 63; in the Sherbrooke district, 32; in the St. John district, 51. The total amount of the bonuses, in so far as returns have been received up to date—they may be and likely will be considerably larger—is $1,134,172.86.

Mr. NEILL: Payment of taxes?

Mr. GORDON: Yes.

Mr. NEILL: This last year? Surely not.

Mr. GORDON: This is payment on account of the land to which the settler would be entitled to the credit of $1.

Mr. REID: I take it that it is the intention of this act that the municipalities shall have recourse to the land and that the settler shall also be protected.

Mr. GORDON: Yes.

Mr. REID: The question that arises in my mind is this. Is it the intention of the government to redeem all properties that go in tax sales? If a property went in tax sale and the tax sale proceedings were carried through, then in the month of October, when the tax sale was held, or after the proper time had elapsed the municipality would by law become the owner of that property and could deal in whatever way they liked with the settler who originally owned it. This is a very pertinent question. Is it the intention of the government to redeem all properties or only some properties?

Mr. GORDON: The practice that has been pursued by governments in the past and up to the present time would largely prevail. Discretion would have to be exercised as to what properties would be redeemed and what would not. I think I can very fairly state that all properties would not be redeemed; they never have been. But the director, acting upon the best advice available to him, would have to exercise a discretion in the matter, and if mistakes are made or are about to be made, then I think, as the hon. member for West Edmonton will agree, the director will hear about it long before any damage is done.

Mr. McINTOSH: Have the soldier settlers requested the legislation which is before the house?

Mr. GORDON: For many years there have been discussions as to what course should be adopted by the dominion government to render these lands available for municipal taxation. It has been a subject of some controversy, but generally speaking the municipalities have urged throughout the years that they should not be placed in a less favourable position by reason of lands within their municipal boundaries having been purchased and the title thereto vested in the crown, thus removing them from any possibility of the municipalities turning towards those lands to collect taxes for the carrying on of their usual functions and the services of municipal government. I am not at the moment in a position to say that any recognized body of returned soldiers have taken either one side or the other in the matter. Certainly individual soldiers have expressed themselves on both sides. For instance, I have had many requests—I do not know whether there is substance in these representations or not—from returned soldiers asking the dominion government not to pay their taxes. That may strike hon. members as being rather grotesque almost, but it is nevertheless a fact. When these requests came in I was curious to ascertain the reason; I wanted to know what underlay them. On investigation I found in some instances—my memory does not serve me as to how many or in what provinces, but I think I may fairly state that it was in some of the western provinces—the returned soldier said, "Don't pay my taxes, because if you do I won't get any road work from the municipality." That, I know, arose in quite a number of cases. In fact, my official just tells me that in part of one of the western districts there were 416 such cases. It can be seen therefore that there is a considerable degree of opinion both probably for and against this legislation. I believe, however, that in the main the municipalities are for it; and of course, many of the returned soldiers in the municipalities, having a keen interest in the upkeep of their schools and roads and other municipal services, are not that class of person who is not as anxious as any other taxpayer to bear his share of the burden of carrying on with the municipality the municipal government and services that go with it.

I can only reiterate what I have said before, that this act does not divest the director, in so far as I understand it, of any discretion he has heretofore exercised in an effort, if it seems to be desirable, to protect any settler who in his judgment, based upon what information he can secure, is entitled to receive further protection by payment of taxes or otherwise.

Mr. McINTOSH: I take it for granted then that the request for this measure did not come from the soldier settlers' union. That is a union, a soldier settlement association, organized in western Canada.

Mr. GORDON: I tried to identify the soldier settlers' union as such last session. I have had representations from various locals —I think they are called locals. My recollection is that they were representative of the soldier settlers, although at the time the hon. member for North Battleford rather took exception to my acknowledging that they were a representative body. I have forgotten at the moment who was at the head of it. At any rate, at this time I am not able to state, whether the body to which he makes reference known as the Soldier Settlers' Union have as such made representations one way or the other, for or against.

Mr. McINTOSH: I thank the minister but I think if he reads the past debates that have taken place in the house with regard to soldier settler matters, he will come to just the opposite conclusion with regard to the representative nature of that body. If I remember correctly I took the stand that they were representative; that they were endeavouring to become more representative and the minister and his department rather challenged my statement. That, however, is neither here nor there. The Soldier Settlers' Union started out to become thoroughly organized and naturally they could not become a very large body in a very short period of time, but in 1933 the body was so representative that the head of the board met representatives of the union and the Canadian Legion in Saskatoon and discussed questions of policy and of legislation with that body. Therefore that was an out and out recognition that that body was a fairly representative one.

Mr. GORDON: I may say that the director at the time not only met the union to which the hon. member makes reference but was present at other meetings of settlers who were not in any union.

Mr. McINTOSH: If the minister had noticed I mentioned that among the soldier settlers members of the Canadian Legion were also present, and that was my idea.

What I want to open up at this time is perhaps a larger question. At that gathering in Saskatoon it would appear that a rather different and new line of policy was taken. It was worked out on the understanding that a policy of accord could be satisfactorily adhered to by both parties, that is the soldier settlers and the department, if certain legislation were brought down. That legislation was brought down last year; it was put through the house and it has been in existence during the past year. Apparently from the reports I have at hand the good effects of that legislation are somewhat in danger. Seemingly the collection policy of the department is under serious consideration by the settlers and it should receive some discussion in the house. The minister and the department will no doubt take the stand that they are doing their best to collect the money for the state and that is always a duty with regard to those who are collecting taxes from men who are in the position in which we find the soldier settlers. But some of the soldier settlers on the other hand take the stand that the policy is ruthless, harsh and that if it is persisted in they will lose their farms and will be driven off the land. To put the matter in a nutshell, may I read a letter addressed to me by H. S. Packman, general secretary of the Soldier Settlers' Union, dated at Lloydminster, February 4, 1934. This opens up practically the whole question of policy between the soldier settlers throughout the dominion and the department. The letter reads as follows:

Whereas, we, the delegates—

It is really a resolution.

—representing the locals of the Soldier Settlers' Union, present at the convention held at Lloydminster, Saskatchewan, October 25 and 26, 1933, have decided that, we have not and are not, deviating in any way from our main objective, and that, we were quite willing to accept the temporary legislation for the period stated providing, the promise made by the director of soldier settlement at the Saskatoon conference in 1933, concerning the collection policy of the department was kept.

It is regretted that in many instances this promise has been violated, and therefore we feel that we are not held to our promise given, to refrain from asking the government for any further concessions during the period of the temporary legislation.

That is, during the next three or four years.

Therefore, be it resolved that:—

We, the soldier settlers, in conference do not consider the recent legislation passed by parliament as being the solution to our permanent establishment, and we consider that the following will prove to be more effective.

[Mr. McIntosh.]

Then follows the climax of their resolution:

That our total debt to date be as it stood at the completion of the 30 per cent reduction in 1930 and henceforth be a non-interest bearing debt.

That opens up, as I said, the question of the collection policy of the government and I shall cite some instances showing rather harsh collection methods. Before I put one or two of them on record and ask the minister about them, perhaps he might have something to say in reply to this resolution from the Soldier Settlers' Union, the headquarters of which is at Lloydminster, Saskatchewan. If not, I shall give him some instances with regard to what the soldier settlers term very harsh examples of government collection policy.

Mr. GORDON: It distresses me considerably to hear the hon. member for North Battleford say that the department has been ruthless in its collections.

Mr. McINTOSH: That is the information given to me in a number of cases. I am not making the indictment. I am asking the minister to make a reply.

Mr. GORDON: Well, in order that the record may disclose what the situation is in the Saskatoon district which includes Lloydminster, I may say that the number of settlers under the soldier settler department is 4,941, and last year there was what is known as a seizure in only thirty-one cases. A seizure does not mean that a man is dispossessed of his land: it means that he has entered into an agreement or understanding that he will pay to the director of soldier settlement such proportion of his crop as it would appear he is able to pay.

Mr. BEAUBIEN: The same as any other farmer?

Mr. GORDON: Exactly. And in no instance did the director of soldier settlement ever ask more than the province would ask from its settlers. I think I am not overstating the situation when I say that in all cases greater latitude was given to the soldier settler by the department and the director than was given by any mortgage company, loan company, provincial government or any other agency that was invoking the payment of taxes. When you see in the Saskatoon district, which includes, I believe, the riding of North Battleford and Lloydminster, that out of all those thousands of settlers, in only thirty-one cases did the department have to insist upon the settler concerned paying to the department the proportion of his crop that

he agreed to pay, I feel certain the hon. member for North Battleford will not judge that the department has set in motion a ruthless policy of collection.

Mr. McINTOSH: I will take the word of the minister that there has been no ruthless policy of collection inaugurated or followed during last year. I appreciate the fact that only thirty-one cases of seizure have taken place during the past year. Now I ask the minister, how many soldier settlers have been evicted from their lands in the western provinces during the past twelve months?

Mr. GORDON: No soldier settler has been evicted during the past twelve months. That applies not only to the province of Saskatchewan but to all Canada.

Mr. McINTOSH: I am glad to have that information. Now I ask the minister to explain one or two cases that I shall bring to his attention. He has stated that the policy of the government is a fair one in regard to collection. The only way we can come to a conclusion as to whether that is the case is to examine individual instances. I have one case here from Paddockwood, Saskatchewan, that is out from Prince Albert, if I am not mistaken, in the Saskatoon collection area. It is rather a peculiar case, one that challenges public attention.

Mr. GORDON: What is the settler's name?

Mr. McINTOSH: John Broderick. I shall read the synopsis of the case given to me:

Copy of resolution passed unanimously at mass meeting of residents of Forest Gate and district on May 31st.

Just a few days ago.

Whereas John Broderick of this district bought a parcel of land, the NE. ¼ 34-53-25-2, from the land settlement board for $1,200, making an initial payment of approximately $140 and subsequent payments in 1932 and 1933 of $35, and

Whereas this quarter had but twenty acres of cultivated land and no buildings, and

Whereas the purchaser has since built a house and barn, and done various other improvements in clearing and fencing, and

Whereas the debt adjustment board, early in the year, promised to protect this man, and on that understanding he put the land in crop, and

Whereas in the opinion of this mass meeting of residents of Forest Gate and district this man Broderick has done all that any man could, under our present conditions, in making the payments he has, and in the meantime providing a living for his family through the cutting and sale of cordwood;

Be it resolved that the residents of this community protest most strongly against the eviction of this man, and we call on the land settlement board to immediately withdraw their dispossession proceeding.

Campbell McIntyre,
Secretary of Meeting,
Paddockwood, Sask.

Now the minister just told me there have been no evictions in Canada. This resolution plainly states that there has been one, and a mass meeting has been called over it. That being the case I should like to have an explanation of this from the minister as representing the government of the day.

Mr. GORDON: A perusal of the list for the Saskatoon district does not reveal that name at all. The debt adjustment board mentioned I assume is the debt adjustment board set up by the province.

Mr. McINTOSH: That would be what they refer to, yes. But the land was bought from the land settlement board. It does not give the date.

Mr. GORDON: There does not seem to be in the record any settler of that name. That is sufficient explanation of it not having come to my attention. Of course I shall immediately look into the matter, but as far as my officer knows no representations have been made to the department about it. It does seem strange that if the events happened that are detailed in the letter, those who were so concerned with Broderick—and probably rightly so—sent no representations to the department. At any rate I shall look into it at once and see to what extent if any the matter has come before the department and whether in fact they are department lands and he a soldier settler.

Mr. McINTOSH: I would appreciate it if the minister will do that. Of course, I would not know whether the department had any information about the case or not, I am merely acting as a representative of the people in bringing this to the attention of the government, and when that is done my duty is completed.

Here is another angle of the soldier settlement problem. This letter is from Saskatoon, it is not signed by the person writing it, but there are two points in it which I think of fair importance. This man states he is unemployed—

An hon. MEMBER: Who is the man?

Mr. McINTOSH: I just said his name is not signed, but that does not destroy the effect of the letter.

Mr. HACKETT: Does it not destroy it entirely?

Mr. McINTOSH: I do not think it does.

Mr. HACKETT: How do you know it was not written in Ottawa or Kamouraska?

Mr. McINTOSH: No, the postmark shows it was not written in Ottawa or in your riding.

Mr. HACKETT: No, people there sign their names.

Mr. McINTOSH: That statement is just about as sensible as your previous question.

Mr. GORDON: I do not want to restrict representations that may be made by the hon. member, but I think it is pretty well accepted by men carrying on affairs of their own or public business that when a letter is unsigned, and apparently unsigned for cause—

Mr. McINTOSH: I shall tell you the cause in a minute.

Mr. GORDON: I would say that as to almost one hundred per cent of the unsigned letters I get the cause is that the person is too cowardly to sign his name, and such letters are promptly consigned to the waste-paper basket. Does the hon. member intend to base an argument before this committee on statements contained in an unsigned memorandum? I do not think he will.

Mr. McINTOSH: The reason the letter was unsigned, as far as I can find out, is that the man is a returned soldier, and he is afraid that if his name were known to the soldier settlement board in Saskatoon he might be prematurely crucified.

Mr. GORDON: He does not know there has been a change in the government in the last four years.

Mr. McINTOSH: Yes he does. He only makes two points here; he is a returned soldier and is out of employment, and one of his grievances is that the men who are causing him to be out of employment are men who have soldier settlement lands and who have had money forwarded to them by the government, who have received concession after concession throughout the years and who are to-day off their lands and working for the soldier settlement board in Saskatoon. The point he makes is, that if these men were back on their lands trying to farm them he might have a chance at some of these positions which are filled by returned men in Saskatoon for the board. I think that is a legitimate point of view. Another point he makes is that some of the men in Saskatoon who are going around the district telling other people how to farm are men who lost their own farms, and he wonders how such men can fill such positions successfully. If they cannot farm themselves he asks how they can teach others to farm.

I will leave that matter now, but here is a case that is rather startling. I do not know whether or not the minister has any information on file with regard to Mr. H. Salter. Apparently this man was not afraid; he signed his letter, which is dated February 6, 1934. I should like to read part of that letter:

> Permit me to explain.
>
> On the morning of Thanksgiving Day, fall 1933, careless shooters from Saskatoon destroyed my entire crop by fire (presumed to be wads from low grade shells in the stacks) then in bin, with threshing just completed. Bin stood between two stacks of straw —one oat, the other wheat, as the bin had been divided and oats threshed in one end and wheat in the other. The matter was reported to mounted police, who investigated, and also to S.S.B. and the Star, who reported upon it. However, no one was apprehended, and the loss was most complete, so much so that I was unable to meet my threshing expenses, and the winter has been the most hard I have ever experienced.
>
> This bin was built by me in 1922, from my own funds and to receive the crop from a 100 acre parcel of land in which I was then interested to the east, and skidded on 6″ x 6″ skids—its cost being around $150. Releasing this 100 acre parcel around 1926, the bin was then hauled home for general use, and has since received crops from other fields.
>
> It carried an insurance of $75, covered by joint policy in favour of S.S.B. and self, and in signing proof of loss I was able to get the full amount on account of the good construction of the bin—signing an agreement for company to draft cheque in name of S.S.B. believing I could immediately get a reimbursement and reconstruct the bin.

Now comes the climax of his letter:

> Everything was explained to the superintendent of the S.S.B.—loss of all fodder and straw, bin, and all grain that might be used for seed or other than pig feed, and that I had no cover for this grain as this was my only bin for grain storage, and the grain lay in the open. He replied he would take it up at once with headquarters, but two months elapsed before he replied to me and then by reason of pressure brought to bear by letter from myself. I enclose this final letter.
>
> Its contents are self explanatory. They are retaining the $75 on the grounds that because of my account they cannot reimburse me. No mention of the legal rights of the case or to whom this $75 really belongs, and I am assured that it is mine by two lawyers in Saskatoon.
>
> How do I stand upon this matter, and can the union give me any help.

He was writing the Soldier Settlers' Union.

Personally I doubt the statement that this is a ruling of headquarters unless the new director at headquarters is oversharp.

There is not much more:

Its unfairness is obvious—the treatment accorded me without reason or good judgment. I have three children to support, and till now have managed to keep off relief in any way or form. But taxes and payments to the S.S.B. have of course been absolutely impossible, on account of droughted crops through 1932, and total loss through 1933.

This is the one question I am writing you of that I think can be improved by your handling. There is another—the matter of reinstatement, that I will write you of at later date.

I understand, however, that the department has refused to reinstate this man, and has practically told him that perhaps the wisest thing he could do would be to leave the land.

In the letter from the secretary of the Soldier Settlers' Union, Major Packman, I find the following:

It demonstrates very clearly the attitude of the department in refusing to understand the difficulties which settlers are faced with under the conditions existing to-day.

This letter is typical of many that we are receiving and it would seem that despite the recent legislation, unless the whole soldier settler situation is reviewed and a collection policy put into effect which does take into consideration the present day difficulties, a great deal of discouragement will continue leading ultimately to large numbers of settlers gradually being squeezed off their farms.

In a postscript to his letter Major Packman makes this statement:

The letter from the district superintendent dated January 19, 1934, is rather a remarkable one. I think it would be applicable to 90 per cent of the settlers and would therefore indicate that our chances of ultimate ownership are very remote.

That is the viewpoint of the secretary of the Soldier Settlers' Union, based upon the complaint with which I have dealt, as well as others.

Mr. GORDON: I can only repeat what I said before, that there have been no evictions in Canada during the past year or for perhaps three years past, by the soldier settlement board. I will of course inquire into the two instances to which reference has been made. These names do not appear upon the list of those in the Saskatoon area in connection with whom agreements had to be enforced with respect to sharing the crop. As I said before, only thirty-one out of 4,900 odd had to be dealt with in that way. So far as Mr. Packman is concerned, if he is the author of the statement that there is a ruthlessness about collecting from soldier settlers then certainly he is not acquainted with the facts, because I know of my own knowledge that this is not the practice pursued. I know of my own knowledge that only a small percentage of the settlers could make that statement, because they know it is not according to the facts.

Mr. McINTOSH: I am pleased to hear the minister say that the collection policy of the department is not ruthless; I accept that statement, and I hope that such complaints as I have read will be fewer in another year than they have been this year.

Mr. GORDON: That is scarcely fair. We have not received those complaints in the department; they are not before us.

Mr. McINTOSH: I was just going to say that the minister must have the latter complaint in the department, or if he has not he is not in touch with the branch office as he ought to be. Here is the letter from Mr. E. M. Johnston, district superintendent at Saskatoon, dated January 19, 1934, only four or five months ago. Here is what Mr. Johnston says in answer to Mr. Salter's letter:

I duly referred to head office your request for reinstatement and now have their decision. Head office ruling is that, on account of your account, they will not approve the redisbursement of the $75 collected as a result of the fire loss. Further, they do not grant your request for reinstatement, on the ground that, with your present debt and even taking into account the bonus amendments you could not succeed in paying for this property.

The director further expressed the opinion that at this time, when prices are low, you would be well advised to look about and see if you could not acquire a property that would be suitable for you at a price that you could handle. You no doubt have practically a full line of stock and equipment of your own and it is therefore in your interest that you should devote your energies to a property which you have a prospect of paying for, rather than to your present proposition.

Will you please advise your intentions in this matter.

May I ask the minister if Mr. Salter has advised the department as to his intentions? You practically told him to get off the land. Is he on the land or is he not? If he is not on it he has been evicted; if he is on it you are giving him another chance, as you should.

Mr. GORDON: Surely there could be no complaint as to that.

The CHAIRMAN (Mr. MacDonald, Cape Breton South): Shall the section carry?

Mr. McINTOSH: I want an answer; I want to know if the minister can tell me what that man is doing at the present time.

Mr. GORDON: No, I cannot.

Mr. McINTOSH: He is in your Saskatoon area, and I would like the minister to trace up his history and let me have it.

Mr. GORDON: Oh, yes.

Section agreed to.

Sections 2 and 3 agreed to.

Bill reported, read the third time and passed.

FARMERS'-CREDITORS' ACT

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 92, to facilitate compromises and arrangements between farmers and their creditors.

Mr. NEILL: Explain.

Mr. BENNETT: Mr. Speaker, I have already indicated to this house the purpose of this legislation. I can add nothing to what I have said when the resolution was introduced upon which this bill is founded. I indicated that naturally it is a question of the details of the legislation giving effect to the principle, the principle being first of all that an opportunity should be given for the utilization of the provisions of the Bankruptcy Act without putting the farmer into bankruptcy, and secondly that a board of review should be appointed, if necessary, for the purpose of dealing with a matter upon which an agreement could not otherwise be reached, and in the last section we are exercising our powers of legislation to deal with the question of interest.

Obviously merely to state the principle does not assist the house on the second reading unless it is opposed to the principle, but I gather from what the house has said that members are very desirous of assisting in giving effect to the principle, and the question is a question of the details of the legislation and the extent to which they may be thought by the committee to effectuate the purpose for which the bill is provided.

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, so far as I have been able to study the details of the bill I do not see anything particular to object to, although there are one or two suggestions that I should like to make in committee. The bill seems to me to meet the situation very acceptably.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

[Mr. Gordon.]

On section 1—short title.

Mr. COOTE: Might I ask the Prime Minister whether any legislation is being considered to deal with the case of urban debtors?

Mr. BENNETT: I explained the other day that the government had given a great deal of consideration to that matter but that it involved consideration and implications which had thus far seemed insurmountable. We may be able to meet the matter further, but at the present moment that is all I can say.

Mr. REID: Will the Prime Miinster tell us whether farmers who are under the soldier settlement board and who are in arrears to the board will be able to take advantage of this legislation? Under the act of last year the soldier settlers were able, if they had or could procure the money, to receive dollar for dollar, but sixty per cent in British Columbia could not. Would those soldier settlers in default come under this legislation?

Mr. BENNETT: I should think it would be extremely doubtful as the law now stands whether they would or not, but I should be glad to consider whether or not it might be desirable to add a special clause. Normally they should not for reasons that are purely legal. The crown's claim has priority in bankruptcy as well as in other proceedings, and therefore would not be subjected to the compromise that the act provides for. I will look into the matter.

Section agreed to.

On section 2—Interpretation.

Mr. BENNETT: I propose, Mr. Chairman, if we can take this section line by line, to make some suggestions to the committee as we go along. If the committee will look at the definition of the word "farmer" in paragraph (f) of subsection 1 of section 2, they will see that it means "a person engaged solely in farming or the tillage of the soil." It has been suggested that that definition is hardly sufficient, and one of our friends has indicated that he thought a better definition would be:

> "Farmer" means a person whose principal occupation consists in farming or the tillage of the soil.

Hon. gentlemen will recall that the hon. member for Gloucester the other day mentioned that substantial numbers of men should be designated as farmers although they cultivate only small areas and are en-

gaged also in fishing and hunting and matters of that sort. I think perhaps in view of what has been said, it would be better to use a more comprehensive definition.

Mr. BEAUBIEN: Would that definition cover a man who is not living on his farm but renting it on a crop-share basis?

Mr. BENNETT: Certainly not. He must be in occupation. This only deals with cases of men who are in occupation, the effort being to keep men on the farm, to assist and induce those who are on the land to stay there. It does not deal with cases of the kind my hon. friend mentions at all.

Mr. SPEAKMAN: I assume that it would cover the case of those men who are on the farm but occupy a portion of their time in working elsewhere? I had in mind that the first definition might not cover them but that the second would.

Mr. BENNETT: It is for that reason that the change is proposed, and I submit to the committee that this is possibly a little more comprehensive, but if the committee have any better terms to suggest I shall be glad to accept them. The suggestion is that the definition should read:

"Farmer" means a person whose principal occupation consists in farming or the tillage of the soil.

Mr. STEWART (Edmonton): That would not include a man with five or ten acres whose principal occupation was not that of farming.

Mr. BENNETT: He would not get relief.

Mr. STEWART (Edmonton): I am afraid it is going to be very difficult to define the principal occupation exactly. Has the Prime Minister explored the possibilities of putting it on an acreage basis?

Mr. BENNETT: No, that would seem to be impossible having regard to the intensive cultivation carried on by some farmers near to urban centres. The definition that is now suggested is in conformity—I speak subject to correction—with the definition used by the income tax department for the purpose of differentiating between farmers and others, and I think that is about the nearest we can get.

Mr. REID: In British Columbia we have poultry farms of two acres and an investment of $60,000.

Mr. BENNETT: Quite so. This would cover that. I will hand this amendment to the chairman.

We propose to add a definition for "mortgage" as paragraph (g). They have a special provision in Quebec and the ordinary meaning of mortgage must be expanded so as to include a hypothec and also a deed of sale with a right of redemption under the civil law.

Mr. NEILL: What about the case of a man who has an agreement of sale?

Mr. BENNETT: That is dealt with by the statute.

Mr. NEILL: Does the Prime Minister mean that it is dealt with by this bill?

Mr. BENNETT: We believe that case is covered by the provisions with respect to compromises. If it is not sufficiently clear, we will make it so.

Mr. STIRLING: Who will decide this knotty point as to whether a man's principal occupation is farming?

Mr. BENNETT: If it becomes necessary, it will be done by the court of review, made up of a judge and two others. Where the benefit of the doubt must always be given to the applicant, we do not believe that there will be much difficulty about it.

Mr. COOTE: I wonder if the Prime Minister would consider an even wider provision that that which he has just proposed? I have in mind a number of elderly people who have been living solely from the incomes from their farms which are rented. They still own those farms and have equities in them, if they have not been lost.

Mr. BENNETT: The hon. member for Macleod (Mr. Coote) must realize that the whole point is occupancy of the property. I am afraid we cannot meet the case he mentions. We are trying to make possible for those who are engaged in tilling the soil and who occupy their properties to continue to do so. The definition used in the Bankruptcy Act is "whose sole occupation is farming." It will be observed that the present definition was taken from that act but we are trying to make it more broad and comprehensive. This is really the definition used by the income tax department.

Mr. REID: In British Columbia there are many people who fish but whose principal occupation is farming. Would the word "sole" take care of those people?

Mr. BENNETT: I am afraid the hon. member has not been following me. I have already indicated that we intend to strike out the word "sole" and substitute the word "principal."

Amendment agreed to.

Mr. DUPRE: I move that section 2 be amended by inserting the following paragraph immediately after paragraph (f) of such section:

(g) "mortgage" includes a hypothec and also a deed of sale with a right of redemption.

Amendment agreed to.

Mr. DUPRE: I move that section 2 be amended by relettering paragraphs (g), (h), and (i) as (h), (i), and (j).

Amendment agreed to.

Mr. COOTE: Would the Prime Minister explain what a petition in bankruptcy against a farmer really means?

Mr. BENNETT: Without entering into a long discussion as to the circumstances which must combine to bring about the adjudication that any person is bankrupt, I can only say that an insolvent man is one who is unable to meet his debts as they mature. That is the general broad definition of the term. The Bankruptcy Act provides that under certain contingencies where a person is not able to meet his obligations as they mature, application may be made to have him adjudged a bankrupt. When he is so adjudged certain results follow which are provided for by the statute. That does not apply to a farmer except in a limited way, as will be seen in the provisions of the Bankruptcy Act itself. What is proposed now is the adoption of the general principle of the Bankruptcy Act. A farmer who is unable to meet his liabilities as they become due may make a proposal for a composition, an extension of time or a scheme or arrangement, either before or after assignment has been made. That is a voluntary assignment as distinct from a compulsory assignment. If I am unable to meet my obligations and a petition is filed that I be adjudged a bankrupt, that would be one class of assignment. The second class is where I, realizing that fact, may be an assignment. There are innumerable cases such as this and we see them in the Gazette every week. A man "assigns for the benefit of his creditors" was the term used before we had the Bankruptcy Act, that was the term used in the provisions of the statute relating to assignments for the benefit of creditors. That assignment act had its origin in the legislature of Ontario and was held by the courts to be valid until such time as this parliament determined that it would exercise its jurisdiction over the whole country. Since the passing of the Bankruptcy Act it is no longer an assignment for the benefit of creditors, it is an assignment in bankruptcy. The statute itself provides for the method by which property is to be distributed among the creditors, their order of priority and matters of that kind. This proposal is to take care of the farmer who is not in a position to meet his obligations. Instead of assigning or taking the benefits of the Bankruptcy Act, if its provisions were extended to him, he suggests to his creditors that if he is given an extension of time he may be able to work out his liabilities.

Mr. STEWART (Edmonton): Or he may go through the courts.

Mr. BENNETT: Oh, yes.

Mr. STEWART (Edmonton): Will the exemptions provided in the provincial statutes remain in existence to the man assigning in bankruptcy?

Mr. MOTHERWELL: I did not know the second reading of this bill was coming up to-day. What would happen to the farmer who has no equity in his land and who wants to make an assignment? Who will pay the costs of the assignment? Perhaps this is too simple a question.

Mr. BENNETT: We have endeavoured to provide for that by section 16. We regard the question asked by the hon. gentleman as having great importance because it is no use to set up machinery which will be so expensive that it cannot be of any benefit to the farmer. Although this looks a bit cumbersome, frankly it is the only method which I think can be devised to deal with the matter in a simple manner and not put the farmer to expense. I fear some hon. gentleman may take exception to section 16, but this reads:

The Minister of Finance shall be charged with the administration of this act, and the expenses necessary for such administration shall be payable out of any unappropriated moneys in the consolidated revenue fund.

I propose that the country shall pay the expenses.

Mr. HANBURY: I suppose the word "administration" will include up to the time when an arrangement has been concluded. I assume that after that time the creditor will have to pay certain charges.

Mr. BENNETT: That is not intended. Let us say that farmer A has certain debts and desires and proposes to make an agreement with his creditors under which, if given time, he may be able to pay 70 or 80 cents, as the case may be. If the steps provided for here are taken it is proposed that should that proposal be accepted, as it probably

will be, and effect is given to it by an appropriate agreement or writing, the farmer then comes forward, without expense up to that point, to work out the liabilities in the manner provided for in the agreement. The expenses are not to be placed upon him up to that point.

Mr. HANBURY: That was the problem I put to the Prime Minister—up to that point.

Mr. BENNETT: And there are no expenses afterwards.

Mr. HANBURY: But the expenses of distribution?

Mr. BENNETT: That is the official receiver's job.

Mr. HANBURY: Any expenses the official receiver has will be charged, I understand, against the creditor's property.

Mr. BENNETT: No, they are paid for.

Mr. MOTHERWELL: Under the old law the official receiver would not put himself into gear unless someone put up some money.

Mr. BENNETT: That is the reason it is provided, to use the language of the hon. gentleman, to put the machinery into gear without his having to pay.

Mr. NEILL: Who initiates the proceedings?

Mr. BENNETT: The farmer.

Mr. SPEAKMAN: In paragraph (h) "petition" means a petition in bankruptcy against a farmer. As I understand it, a petition in bankruptcy means the taking of action to bring a debtor into compulsory bankruptcy. I am aware that this is not provided for in the Bankruptcy Act so far as a farmer is concerned, and in view of this fact, may I ask whether the new act alters the status of the farmer in any respect. The Prime Minister will remember that I brought up the same point on the second reading and I believe he intended to explain the matter in committee.

Mr. BENNETT: Which section is the hon. gentleman dealing with?

Mr. SPEAKMAN: In paragraph (h) of subsection 1 of section 2 petition means a petition in bankruptcy against a farmer.

Mr. BENNETT: Yes. Perhaps the language might be improved upon in that respect. It means a petition under the act against the farmer, as provided for here. Default of certain action by the farmer, after the agreement has been arrived at, constitutes an act of insolvency under the act. That paragraph might stand until later in the day. I will look into it in the dinner hour, to make sure there is no difficulty.

Mr. SPEAKMAN: It is paragraph (h) in the bill as it stands, but it becomes (i) now.

Mr. STEWART (Edmonton): I am not clear as to what action is to be taken by the creditor. It is quite clear what the farmer must do, but as to what action shall be taken by the creditor, that seems to be rather obscure.

Mr. BENNETT: We had in mind that no farmer would desire to avail himself of the provisions of this act unless his creditors were pressing him. The action of the creditor is taken usually in an endeavour to get his money, and when such action is taken this act provides for the farmer taking the steps I have indicated, commencing at section 6.

Mr. STEWART (Edmonton): What was puzzling me was whether the creditor would take action under the provisions of this act.

Mr. HACKETT: If the hon. member will look at subsection 3 of section 2 he will see that part I of the Bankruptcy Act is brought into effect. The hon. member for Red Deer did point out that under Part I of the Bankruptcy Act a farmer may not be put into bankruptcy, but under the second part of the act he may make an assignment; in subsection 3 of section 2 of the bill it is stated that part I of the Bankruptcy Act, notwithstanding anything found in section 7 of the Bankruptcy Act, shall have its application. I think that means that a farmer who does not carry out a proposal, may be put into bankruptcy by his creditors.

Mr. STEWART (Edmonton): I could not just see what was aimed at in view of the intervention of the Bankruptcy Act. The farmer may or may not avail himself of the opportunity of assigning and taking advantage of the act. Does the provision contained in the act force him to take that action?

Mr. BENNETT: No, it does not.

Mr. BURY: But does not the provision of subsection 3 of section 2 only make part I of the Bankruptcy Act apply to a farmer after a proposal has been made and accepted and he has defaulted in respect of that proposal?

Mr. BENNETT: Quite so.

Mr. BURY: Therefore it would not be true to say that part I of the Bankruptcy Act is made generally applicable to farmers.

Mr. BENNETT: I suppose this committee does not desire me to enter into a long legal discussion—

Mr. STEWART (Edmonton): Not at all.

Mr. BENNETT: I know the hon. gentleman would like to escape it, although the history of this legislation is quite interesting. Part II of the Bankruptcy Act deals with assignments and compositions by ordinary debtors. My hon. friend from Restigouche-Madawaska (Mr. Michaud) understands the matter; he is a lawyer and has to deal with it. Let me quote the provision in the Bankruptcy Act:

> Any insolvent debtor whose liabilities to creditors, provable as debts under this act, exceed five hundred dollars, may, at any time prior to the making of a receiving order against him—

That is what I mentioned a moment ago.

> —make an assignment of all his property for the general benefit of his creditors.

That is the general law. For that reason we have substituted this provision, which is to be made effective at the expense of the state—I will put it that way frankly.

Mr. MICHAUD: That is the object.

Mr. BENNETT: Yes, that is the object. When he is being pressed by his creditors to pay his debts and cannot do so, they say, "We will issue a writ against you and get execution"; and this provides for the machinery that will enable him without expense, as provided in the Bankruptcy Act, to deal with the disposition of his property as though it were under the Bankruptcy Act, though it is not, without having the expense that has heretofore impaired the operation of the Bankruptcy Act in a country such as this.

Mr. SPENCER: When he goes through that process he will not be forced to leave his home.

Mr. BENNETT: No. He can only be displaced from his home by appropriate proceedings in the court. He goes to the official receiver—and the official receiver does not mean official receiver under the Bankruptcy Act but one under this act—and then of course his property is in the custody of a custodian appointed by law to protect him.

Mr. SPEAKMAN: After this composition has been effected and the farmer has been given a fresh start under the new terms, and then fails to meet in any respect all the conditions of these new terms, he may then be subject to part I of the Bankruptcy Act and the creditors may bring a petition against him and put him into compulsory bankruptcy?

Mr. BENNETT: That undoubtedly is so, because at the end of subsection 3 of section 2 you will observe these words:

> And failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy.

I think that will have a salutary effect in preventing him from undertaking more onerous obligations than he might be able to discharge or creditors from being unduly pressing in seeking larger compositions than they might be able to expect. You have to relate this in some way to give jurisdiction to the parliament of Canada, it being a matter of property and civil rights. It must be observed that this has to be brought within the provisions of section 91 to give us jurisdiction to deal with it rather than the provinces which have only a limited jurisdiction.

Mr. COOTE: I think I see a very great difficulty in connection with subclause 3 of section 2. A farmer might honestly attempt to carry out his acceptance of the terms of the composition but a crop failure the very next year might make it impossible for him to meet those obligations. Then any one of his creditors could place him under bankruptcy. That is the way in which I understand the subclause, and I should like to know from the Prime Minister whether my interpretation is correct.

Mr. BENNETT: As a matter of fact, since I have been sitting here this afternoon listening to the discussion it has occurred to me possibly it might be well to add a few words at the end of that clause to confer jurisdiction on a judge so as to prevent the operation of the drastic results which might follow from default. I have been thinking over that since the discussion has been precipitated. I am entirely in the hands of the committee; this is not party legislation in that sense, and any suggestions that may be made that will be useful I shall be very glad to adopt.

Mr. STEWART (Edmonton): The farmer has gone through the hands of the official receiver and several other persons who ought to be in a position to advise him; his action is not altogether of his own volition.

Mr. BENNETT: That is right.

Mr. STEWART (Edmonton): I agree that perhaps some safeguard should be afforded because farming is such a hazardous occupa-

tion that a crop failure for two or three years will wipe out a man who has the best intentions in the world of meeting his obligations. To make a drastic provision for putting him into bankruptcy, thus cleaning him up although he may have a very considerable equity, does not seem quite fair. It must, however, be borne in mind that he is under the official receiver so long as he has any money.

Mr. SPEAKMAN: I am glad the Prime Minister made the suggestion and intimated that he was willing to consider amending that clause to provide for certain protection, because I have in mind a good many compositions that were thought to be quite satisfactory—the amount of concessions made in soldier land settlers' affairs is, for example, a striking illustration of that. We thought, all being well, the man was placed on a sound basis, but climatic, economic conditions, conditions over which no one and certainly not the farmer had any control, made it impossible for him to meet the terms to which he had assented in the first instance. It is very well to have some protection of that sort.

Mr. BENNETT: After all, the occasion for anxiety is not so great as it would appear. Hon. members will realize that in the first instance this is an act of bankruptcy. An act of bankruptcy has to be followed by something else, namely, a receiving order by a court, and I think a few words added at the end would put the matter right, so that the farmer shall have all the rights to appear and oppose the granting of an order, as provided for by the act. It does not follow because I have committed an act of bankruptcy, that the court will adjudicate me bankrupt. I want to make that clear. Perhaps this covers the difficulty the hon. member for Macleod (Mr. Coote) had in mind:

> The court may, if no custodian has been appointed and if it is shown to be necessary for the protection of the estate, at any time after the presentation of a bankruptcy order, and before a receiving order is made, appoint a licensed trustee as interim receiver.

That is an ordinary provision of our law with respect to an ordinary insolvent. This provision is, as will be observed, to the effect that he has by failure created an act of bankruptcy, but the court, as the statute now stands, must issue the order. I think I can add a few words that will make it quite clear that there is a discretion to the court.

Mr. STEWART (Edmonton): Would that apply to the first provision where there is a mere adjustment of the indebtedness?

Mr. BENNETT: The hon. member for West Edmonton (Mr. Stewart) has not quite followed me. The composition, adjustment and arrangement having been arrived at, then failure on the part of the farmer to observe and perform his obligations under the adjustment or agreement constitutes an act of bankruptcy. That is, his default enables his creditors to apply to the court to have him adjudicated a bankrupt. The point that is raised by the hon. member for Macleod and the hon. member for Red Deer (Mr. Speakman) is whether it is abundantly clear there is any discretion in anybody to prevent his being adjudicated a bankrupt. As the statute now stands, for general purposes it does not follow that an act of bankruptcy involves the adjudication of bankruptcy; that is, the mere act may be waived; it may be overcome in a hundred ways, for instance, by the payment of the debt if it had been paid prior to the adjudication. I think I can add a few words at the end of the clause that will make it quite clear the court will exercise a discretion, having regard to all the circumstances, before making such an adjudication. That, I understand, is what the hon. gentleman has in mind.

Mr. NEILL: The farmer would do that under the Bankruptcy Act anyhow.

Mr. BENNETT: Quite so.

Mr. COOTE: Perhaps it is a little difficult for us, not being familiar with the terms of part I of the act, to get the full significance of this. In the case of any person who comes under part I of the Bankruptcy Act, who fails to meet his obligation, one of his creditors can file a petition against him. Is that not correct?

Mr. BENNETT: Broadly, yes.

Mr. COOTE: Would any farmer who has paid his debts as arranged under the provisions of this legislation, after that arrangement had been made, be in the position that any one of his creditors at any time the farmer failed to meet an obligation, could enter a petition against him to have him adjudicated a bankrupt? For how long would that apply? Would that not apply to the farmer all the rest of the time he was engaged in farming? It might follow him for a good many years.

Mr. BENNETT: The hon. member for Restigouche-Madawaska (Mr. Michaud) will explain that to the hon. member.

Mr. COOTE: Suppose in a matter of ten years this farmer was able to discharge the liabilities under which he was labouring at the time of the composition of his debts; then a few years after that another very difficult time comes along and he gets into trouble and is unable to meet his obligations. Would he not then be in the position of any person other than a farmer so far as part I of the Bankruptcy Act was concerned?

Mr. HACKETT: If the hon. gentleman will permit me, I think he has pretty well stated the case, but surely he does not consider that an act is to be passed which will exempt for all time an element of the community from paying its debts.

Mr. COOTE: That was not the purpose of the Bankruptcy Act in exempting farmers to prevent them from paying their debts for all time.

Mr. HACKETT: If the hon. member will read section 6 and following sections he will see that provision is made for compositions and for those compositions to be entered into with the utmost care. He will see that if either party is not satisfied with the terms of the composition, finds them either too onerous or inadequate, an appeal may be had to a provincial board of review. It does seem that any composition arrived at by persons who will have the experience and will exercise the care that it is anticipated will be exercised under this statute will preclude the probability of failure on the part of the farmer. But I presume there will be some farmers who will be unable to carry out all the terms of the composition; then the provision which has been referred to merely puts them in the position of other classes of the community who do not pay their debts. The Prime Minister has stated that he may be able to add a few words to subsection 3 of section 2. I cannot anticipate what those words will be, but if he were to qualify or define the breach of the composition, so that a man might not be thrown into bankruptcy unless he owed, say, $500 or some definite amount, I cannot imagine that anyone could complain of the section as it would then stand, because it would give the farming community the chance of escape from the plight in which it now finds itself due to the low prices of the commodities which they produce.

Mr. MICHAUD: What would be the effect if subsection 3 of section 2 were not in this bill?

[Mr. Bennett.]

Mr. HACKETT: There would be no sanction.

Mr. MICHAUD: Tied up forever.

Mr. HANBURY: Not being of the legal profession I am perhaps wrong, but it appears to me that section 6 would have some bearing on the point, because I note here that a farmer can make a composition either before or after an assignment has been made. I do not know whether that is the same thing as being adjudged a bankrupt, but if the words "after he has been adjudged a bankrupt" were added it would probably meet the situation.

Mr. BENNETT: To reply to these difficulties seriatim: First, I think we can meet the difficulty mentioned by the hon. members for Macleod (Mr. Coote) and Red Deer (Mr. Speakman) if we add the words "if in the opinion of a judge or court such order should be made." The second point, raised in the earlier part of the discussion, is as to whether or not the exemption clause still applies. Of course under the Bankruptcy Act it does, and the reason I said I wanted to look at it was to satisfy myself that the language was clear enough. I think that is so, but if there is any difficulty about it we shall make it abundantly clear that the provisions of the exemption clause that have to do with ordinary bankruptcy proceedings shall still remain inviolate; otherwise the plight of the farmer would be worse instead of better by reason of the composition. I think that is clear, but I do not want to be too certain, in view of the question having been asked.

The third suggestion is that section 6 contemplates the matter being dealt with in a particular way. But there is a distinction between an act of bankruptcy and an assignment. An assignment is the voluntary act of the debtor whereby he places his property in the hands of a trustee for distribution rateably amongst his creditors as provided by law. An act of bankruptcy is the happening of an event that renders the debtor liable to be adjudicated a bankrupt by an order being made against him. And following the order of course you have a custodian and finally a trustee. We are endeavouring to cut all that out as far as the machinery here is concerned. When a farmer is in a difficult position it is contemplated that he and this official receiver shall get together, and they will call the creditors together and determine in a simple way in view of all the circumstances what the man should be able to pay. In other words he him-

self with the assistance of the receiver and his creditors will determine what he can do. Then when the document is executed it has the effect of law, if all the parties agree to it. But if some do not agree it may be confirmed in the manner provided for by the act. If notwithstanding all this the farmer still thinks he really cannot do as much as has been suggested by his creditors, but still being honest in intent thinks he can do something rather than abandon his home, the court of review is set up as a simple and informal tribunal to determine whether or not what the farmer suggests he may be able to do to meet the claims of his creditors is a fair composition and adjustment.

Mr. HANBURY: Then it will follow as a logical step that the provision you are to make would follow the first act of bankruptcy?

Mr. BENNETT: Exactly, and if there is default in the carrying out of the terms and conditions of the composition adjustment or agreement, which as the hon. member for Restigouche-Madawaska (Mr. Michaud) said a moment ago is the sanction for failure to comply with the arrangement he has made, I still will protect that by a further word saying that if in the opinion of the judge or court such order should be made he may have the adjudication go against him. I think that protects him to the extent that he should be protected or would wish to be.

Mr. MOTHERWELL: I take it the judge will have discretionary power to adjudicate on individual cases. I am wondering what are the major factors upon which he will base his adjudication as to whether a man is bankrupt or not. I am willing to sit at the feet of any legal Gamaliel to learn of these matters. I know nothing about the legal terms, but I want to understand whether this down-and-outer can get really free to start over again, go up in the north country and start over again with nothing but his health and his axe and I hope a wife and not too many children, three or four will do to start with. Then he can start farming over again provided he is eligible for some assistance or loan under the other bill 93. I am not jesting; he can start over again if he feels that he is free from these distressing incumbrances that have overwhelmed him, perhaps through no fault of his own. If he can be free he will say "God bless the government that gave me my freedom."

Mr. BENNETT: It is not the government that does that.

Mr. MOTHERWELL: He may not vote for the government but he will say that just the same. That is the great opportunity he will have of starting over again if a little help is forthcoming as already indicated.

Mr. SPENCER: I take it the main object of this legislation is to keep the farmer on his farm.

Mr. BENNETT: Quite so.

Mr. SPENCER: And although some who are situated on bad farms and want to move out should be able to do so, the main object is that where the farm is good land but owing to conditions beyond his control the farmer has got into debt so heavily that he cannot liquidate his liabilities, then this legislation will enable him to get free of debt and carry on where he is now living.

Mr. BENNETT: I am sure the hon. members for Battle River (Mr. Spencer) and Melville (Mr. Motherwell) will understand me when I say that part of this is somewhat intricate and technical, all bankruptcy laws have been found so to be. The theory of a bankruptcy law is that the property of a person who is in debt shall be rateably distributed amongst his creditors, and thereupon he, having been honest and free from any suggestion of wrongdoing, shall receive what we call technically a discharge in bankruptcy, the result being that he becomes a free man, to use the language of the hon. gentlemen. In this section we are not approaching it from that angle at all, because the farmer has not sought the benefits of the bankruptcy laws of the country in the first instance; in fact in the province of Quebec it is provided that those laws shall not apply to farmers at all, as this committee knows.

I think I can explain it more clearly, perhaps, if I start at the beginning. Here is a farmer in southern Alberta; I will take that as an illustration though New Brunswick would do equally well. He has a mortgage against his property. He has suffered crop failures, but now he begins to see some signs of returning prosperity; there is more moisture in the ground, and so on. He says, "If I had a chance I could pay my creditors, either in full or at least in a certain proportion. I do not desire to have my property cleaned up and sold; I desire to stay here with my implements and my accumulations and work my property. I ask the law to restrain my creditors from coming in and closing me out with an execution in the courts of the province," because this overcomes that difficulty as well. "I ask that to be stopped, and I say I should be given a chance." There-

upon the official receiver under this act discusses his problem with him. The creditors are called together, and the farmer says, "I am not trying to get out of paying my debts; I want to pay them if you will give me time in which to do it." Thereupon, without any thought other than that in view, the farmer decides what he can do and that is embodied in an agreement.

That must be an agreement with which everyone is satisfied, because if one creditor is not satisfied he might cause difficulty and trouble, the farmer not yet having assigned but still retaining his property. We have taken steps to protect him up to that point, and that agreement is confirmed. But supposing there are some creditors who say no. Then we have set up the machinery in each province whereby, willy-nilly, whether they like it or not, they can be compelled to accept the proposals which the informal court believes to be satisfactory from the standpoint of the capacity, the capability and the potential strength of the farmer to retrieve his situation.

Mr. SPENCER: Just there I should like to ask what percentage of the creditors would have to be in agreement.

Mr. BENNETT: Unfortunately our law always has been framed upon the assumption that all must agree to a composition of debt.

Mr. HANBURY: That is in the past.

Mr. BENNETT: Quite so, in the absence of a statute. If I might make it clear, there is what might be called the written law and the unwritten law. The unwritten law, the common law, provides that a settlement between creditors and debtors cannot be made unless all the creditors agree, for my debt cannot be disposed of by anyone else in the world but myself. That is a striking tribute to that individuality of purpose which has been referred to in this house from time to time. In the early days in Great Britain, as in other countries, it was found that it was desirable for the honest man—and I use that term very emphatically—to be able to get a fresh start by making a full disclosure of everything he owned and handing it over to a trustee, who was usually a statutory trustee, who sold it, took out his expenses and distributed the proceeds rateably among the creditors. But that did not make him a free man; he then had to make application to the judge in bankruptcy for the purpose of receiving his discharge. In England to-day, if you are interested and will pick up the newspapers day after day, you will find that applications are made for discharge which are opposed on the ground that the man had not given all his property to the trustee, that he had gone on and earned money after making the assignment which had not been made available for his creditors. So there he is, faced with the certainty that he cannot sit in parliament if he is an adjudicated bankrupt, and that he may not hold many offices that are mentioned in statutes and that have grown up under common law. He is still branded as an undischarged bankrupt.

This act seeks to secure for the farmer the benefits of that principle, set up by machinery that will run easily and without expense to the farmer. But if he makes what I might call a too optimistic adjustment and fails to carry it out then, under this statute, he becomes liable to be adjudicated a bankrupt, because that is to constitute an act of bankruptcy. On the other hand I think I shall adopt the suggestion that has been made and add the words, "if the judge or a court so determine." In other words it does not follow automatically, which is the fear of the hon. member. There may be, and I think there is, something in that. On the other hand if the farmer makes his composition and meets it, when the composition is met his creditors are paid, either at fifty or sixty cents on the dollar or, over a long period of time, one hundred cents on the dollar or whatever it may be. That is a matter in which the voice of the creditors is not going to be final under this statute. This is the difficulty that any legal gentleman in the house will agree we have had to meet, and if I do say it myself—authors are always proud of their products—I think it has been not unfairly met by this legislation. We have provided that the farmers are to get a chance to stay on their land, utilizing the assets they have and working out their destinies, paying their debts not necessarily at one hundred cents on the dollar but to the extent which may be agreed upon between the creditors and the debtor or, failing that, by the action of the review board for the province.

Mr. MOTHERWELL: I think I can see the reason for that. One of the factors would be whether the man or applicant was an Ananias or a Sapphira, in which case neither should get a discharge and be eligible to be free.

Mr. BENNETT: Presumably he would not be a Sapphira.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MOTHERWELL: Mr. Chairman, since six o'clock I have been moralizing on this question of the adjudication of debts both on the part of the farmer who is down and out and on the part of those who are not down and out but are capable of taking care of their debts over a period of time if given an opportunity. There are those two classes, and one is quite distinct from the other.

With regard to the down-and-outer, I was appealing to the Prime Minister (Mr. Bennett) if there was not some way of letting that man feel that he was free, free without any strings whatsoever, because after all these matters are to be determined by a judge and the law can be administered in a strange way sometimes. I have great faith in the judiciary of Canada, yet nevertheless there is the humane judge who will administer the law humanly, and there is the other judge who takes the attitude: "I want the law carried out in its entirety." He will make the man come up to the scratch; let the chips fall where they may, he will insist upon compliance with the law. There are not many of the latter kind, I am glad to say, but there are some. I would appeal to the Prime Minister to use his great talents to devise some scheme that will permit the applicant who is honestly eligible to complete discharge from all his present mortgage obligations, who has not played the part of either an Ananias or a Sapphira, who has not been making wrong returns—I have no use for him, but there have been at least the two beforementioned historic examples and there have been others since—to have a chance to start over again as free men and women. I am speaking for the man who has made his returns properly, who has not been trying to humbug anybody, who has not been trying to put something over the government or anybody else, that he be given the opportunity to start over again feeling that if he complies with the conditions he can go free.

Let me illustrate. When Abraham Lincoln set the slaves of the south free, I do not know how many strings were on those slaves, but there were some strings, I recall about runaway slaves and all that sort of thing. Speaking generally, however, those slaves were set free although sometimes they had become so much attached to their masters that they did not want to leave. Now if the right hon. leader of the government could meet the situation I have spoken of in some way, and I think it could be done, he would be looked upon as the great emancipator of the white slaves of Canada—I am speaking very seriously, Mr. Chairman—just as Abraham Lincoln was the emancipator of the dark slaves of the south. Why not put in a proviso that the law shall be administered thus and so, and with the understanding that it is the government's desire to free all men who are honestly worthy of being made free? That should not be impossible. I think I could make a stab at something like that myself in the way of rough draftsmanship, and I am confident that the Prime Minister, who I feel sure understands me, could draft something to meet that situation. Look at another incidental advantage such a policy would be, Mr. Chairman. Most of the people in this house are capitalists; that is, they believe in the capitalist system as such, even though imperfect. All farmers are capitalists. What is the use of talking nonsense about socialism or communism as long as we own land? Now if the Prime Minister would do as I suggest, look what a tribute it would be to a reformed capitalism, harnessed up, if you like, adjusted to suit the requirements of to-day. It would stop the mouths of these men who are talking socialism and nihilism and communism and all these other isms, and decrying the capitalist system because it is defective. Of course, it is defective. All laws and all institutions will be defective as long as we as individuals who comprise the community are defective ourselves. You cannot have anything perfect that depends upon imperfect men, but let us strive as much as possible towards perfection, and let us make the capitalist system of to-day a reformed one so that we can talk honestly and with truth of emancipating the white slaves, the down-and-out honest mortgage slaves of Canada.

I am not referring now, Mr. Chairman, to those who are capable of looking after their own affairs, and have some considerable equity in their homes, and most of such can, if they are given a long term amortized chance. I am speaking more particularly of the down-and-out men and women who have not a chance in a million of ever getting on their feet and who are without hope. What kind of a try-out are farmers going to make unless they have the consciousness that, if not themselves, their children at least are going to be able once more to make the grade?

I do not know if I have made myself plain or not, but I do urge the Prime Minister to put his great talents to working out a solution of this important question instead of merely confining such talents, as he sometimes does, to keeping the opposition from getting information about this, that or the other

thing to which they think they are entitled. Anybody can do that, but it is not everybody who can emancipate the white farmer slaves of this country. The right hon. gentleman is now in harness, but he does not know any more than I do how long he will be in harness or how long I shall be in harness, and I appeal to him to do something to contribute to this great end while it is yet day.

Mr. BENNETT: Mr. Chairman, the invitation of the hon. member for Melville (Mr. Motherwell) to become an emancipator is very appealing, but unfortunately there is a constitution in this country that imposes even upon me limitations and restrictions. I say it very regretfully, of course, but it is a fact. The power to discharge a debtor from his debt to his creditor I am afraid does not lie with us when you deal with questions of contract. For instance it is not competent in my judgment—I have not given it any thought—for this parliament to say that a man who owes his grocer one hundred dollars shall after the passing of an act owe him nothing, and that is what the hon. gentleman suggests. But we have jurisdiction with respect to bankruptcy and with respect to interest, and the bill which is now before the committee represents a great deal of hard work—

Mr. MOTHERWELL: I know. I can believe that, but we referred to nothing except mortgage indebtedness.

Mr. BENNETT: —in an effort within our jurisdiction to secure for the unfortunate debtor who is tilling the soil an opportunity so far as we can grant it to begin again. But I do not think we have the power to do what the hon. gentleman suggests, and I think perhaps on reconsideration he would doubt the wisdom of it himself.

The discussion so far has raised several questions, and I think we have disposed of most of them except that which arises under subsection 3 of section 2. The section as it reads places upon the farmer as a punishment for default the possibility of an application being made to have him adjudicated a bankrupt, it being declared to be an act of insolvency. The hon. member for Melville asked a very proper question as to what constitutes an act of insolvency. That is covered by section 3 of the Bankruptcy Act, and without reading it at length—perhaps the hon. gentleman will excuse me from reading too much—I shall just give the purport of it as I proceed.

First of all, if in Canada or elsewhere a debtor makes an assignment of his property to a trustee for the benefit of his creditors generally, whether it is an assignment authorized by the Bankruptcy Act or not, that constitutes an act of insolvency. Or if he makes a fraudulent conveyance, gift, delivery, or transfer of his property, the words "fraudulent conveyance" having a meaning attributed to them by the courts, that is an act of insolvency. Or if he makes a conveyance or transfer of his property which in itself would be void as a fraudulent preference if he were adjudged bankrupt—that is a technical matter —that is an act of insolvency. Or if he endeavours to defeat or delay his creditors, that also is an act of insolvency.

Next is the one which is the most common. Or if he permits any execution or other process issued against him under which any of his goods are seized, levied upon or taken in execution to remain unsatisfied until within four days from the time fixed by the sheriff for the sale thereof, and so on, that is the customary and ordinary case in which bankruptcy is determined, or at least I put it that way. The next paragraph reads:

> If he exhibits to any meeting of his creditors any statement of his assets and liabilities which shows that he is insolvent, or presents or causes to be presented to any such meeting a written admission of his inability to pay his debts;

The next paragraph deals with the removal of his property so that it is not available for the settlement of his debts. Then there is the Bulk Sales Act provision, that is, if he makes a bulk sale of his property. The next reads:

> If he gives notice to any of his creditors that he has suspended or that he is about to suspend payment of his debts;

My attention has been directed to that since this discussion began. The next reads:

> If he ceases to meet his liabilities generally as they become due.

That was the original statute. As I said this afternoon, insolvency results from a man's inability to pay his debts as they become due, but in a country such as this, where the difficulties of making a living are so great under distress circumstances and where crops and climatic conditions have so much to do with a man's ability to meet his obligations, it was thought desirable to add the word "general", so that a single specific instance of inability to pay as the obligation matures should not then in itself constitute an act of bankruptcy. Those are at least the acts which if committed by a debtor are acts of bankruptcy under our statute. As the hon. member for West Edmonton (Mr. Stewart) said

to-day, this subsection proposes to make the default in keeping his obligations under the compromise an act of insolvency. We have in various parts of this country such untoward conditions and circumstances with respect to crops and possibly we would be serving the ends of justice and fairness if we added the words "if so determined by a judge." That would leave it to the judge to say whether under all the circumstances it is an act of bankruptcy. I dare say the hon. member for Shelburne-Yarmouth (Mr. Ralston), who is a lawyer, would say that it would have to mean that within the terms of the section to which I have just referred, being section 3 of the act. As I said this afternoon, I would prefer to take a few minutes when the house is not sitting to look into the matter with a little more care, so I would like subsection 3 to stand.

Mr. HANBURY: A question arises in my mind in connection with the carrying on of the operations of the farm during the period it is under this administration. I refer particularly to purchases for living requirements and repairs to buildings or machinery. I assume the administrator would be able to authorize expenditures for those purposes?

Mr. BENNETT: That does not arise at the moment because the exemptions still obtain under this bill as in the former act. So far as the rest of it is concerned, the whole question is that of an adjustment between his creditors and himself. The amendment to the Canadian Farm Loan Act, which is complementary to this bill and which it is proposed to take up next, contemplates our being able to provide him with a little means with which to start again. I quite agree with the hon. member for Melville (Mr. Motherwell) that this is highly desirable, because it is idle to arrange a compromise and it is futile to execute an extension agreement unless there is some probability that the man who receives the extension and makes the compromise is able to discharge the fresh obligation—it is the old one in fact—which he has undertaken. In the next bill we will endeavour to make it possible for him to discharge the new obligation thus created.

Mr. HANBURY: I understand from the Prime Minister that that is a matter that would be discussed with the creditors and the administrator.

Mr. BENNETT: Not administrator; he is the receiver.

Mr. HANBURY: In order to give him authority to do that. That would be a matter of arrangement. There is one other matter which is not just clear to me with reference to the priority of the secured creditor. Is it the intention to maintain his priority as against an unsecured creditor?

Mr. BENNETT: Would the hon. gentleman let that stand? The matter is dealt with in later sections.

Mr. HANBURY: I have looked at the bill but I have not succeeded in finding that. Will this apply to the farmer who is operating a rented farm as well as to the farmer who owns his property?

Mr. BENNETT: The farmer who is living on a rented farm would not be able to offer any security by way of readjustment unless he had a very long term lease. Occupancy and occupation are the first factors, but occupancy and occupation involve something further. They involve something by way of assets to enable him to deal with a compromise or adjustment. If he had a six months' or a year's lease he would not be able to get very far.

Mr. YOUNG: I was not in the house this afternoon and have not been following the discussion, but do I understand the Prime Minister to say that any farmer who does any of these things which he read, who generally neglects to meet his creditors and so on, could be forced into bankruptcy?

Mr. BENNETT: No. I am sure the hon. gentleman would not expect me to repeat all that I have been going over for the last two hours. I regret his absence, but I think it is hardly fair to ask me to go over this matter for another hour. I would put it broadly in this way. The bill contemplates a compromise being effected and an adjustment being made for the purpose of enabling a man who is in insolvent circumstances to secure from his creditors an extension of time under an agreement which would be agreed to by all his creditors, this being purely a matter between his creditors and himself. Upon failing to reach an agreement, a court of review is set up. This is an informal court consisting of a judge and representatives of the creditors and the debtor. That court either approves or disapproves the scheme which has been projected. If they do not think it a reasonable scheme, they have the power to propound a fresh one for the purpose of meeting the situation. However, after an agreement has been drawn up and executed, if a farmer should neglect to discharge his obligations under it, that would be an act of bankruptcy. It was pointed out this afternoon that that might involve a penalty for default

where climatic conditions might bring about a crop failure and that there should be some discretion to determine whether or not such a consequence should follow from an act over which the debtor might possibly have no control. Therefore I was proposing to make a slight amendment to subsection 3 of section 2, and I have asked that that subsection stand in order that that might be accomplished. The other sections to section 6 deals with the setting up of the machinery, while section 6 provides for the contemplated agreement being entered into and a compromise made. I might say to the hon. member for Weyburn (Mr. Young) that that compromise might contemplate any settlement; I say to the hon. member for Melville (Mr. Motherwell) that it might mean only ten or fifteen cents on the dollar.

Mr. HANBURY: Or one cent.

Mr. BENNETT: Yes, or it might mean seventy-five or eighty cents. That would be an interference with the copyright of the hon. member for Kenora-Rainy River (Mr. Heenan) which should not be interfered with. Leaving it at that it will be seen—the hon. member for Melville was speaking about this at six o'clock—that the question to be considered is the future of the farmer. That is the end dealt with in this bill, but the next bill which I propose to take up, the farm loan bill, contemplates expanding the discretion vested in the board appointed by this parliament in order to enable small additional fresh capital to be provided so that the cultivator may be able to earn the wherewithal to discharge what may be described as the new obligation which has been set up in lieu of that which was existent with his creditors when he made the settlement and compromise to which I have referred.

Mr. HACKETT: Subsection 2 of section 2 indicates that the Bankruptcy Act and the bankruptcy rules shall, except as in this act otherwise provided, apply. The hon. member for Vancouver-Burrard has asked about priorities. Section 16 of the Bankruptcy Act, subsection 5, is in the following terms:

> No composition, extension or scheme shall be approved by the court which does not provide for the payment in priority to other debts of all debts directed to be so paid in the distribution of the property of a bankrupt or authorized assignor.

Mr. HANBURY: That is the point I had in mind in asking the question. Naturally I came to the conclusion that if the reduced value of the mortgage on a property were

$4,000 and the entire composition did not amount to more than $4,000, then the unsecured creditors would have no equity in the composition. I want to know whether I am correct in that assumption.

Mr. HACKETT: The Prime Minister pointed out this afternoon that there is in this bill a provision which makes the capacity of the debtor to pay and the capacity of his land to produce, criteria of value. Taking those criteria into consideration I cannot see how the unsecured creditors can be affected.

Mr. HANBURY: I cannot see how they can have any security according to my interpretation of the bill.

Mr. HACKETT: The secured creditors have to value their security.

Mr. LUCAS: In my opinion this bill is one of the most important pieces of legislation we have had before us this year. There are thousands of farmers throughout the west particularly and in other parts of Canada who to-day, through no fault of their own, find themselves in the position where they have lost practically all hope, and if through the practical application of a bill of this kind that situation can be remedied and they can be given fresh hope to carry on, I think it will mean a great deal not only to the farmers but to other sections of the community. There are one or two points on which I wish to be clear. First, has the farmer to agree to an agreement that may be arrived at by the official receiver and the creditors? I understand that the official receiver is the person who will adjudicate on these debts. If the official receiver and the creditors should agree that the farmer ought to pay a certain amount is he compelled to accept that agreement?

Mr. BENNETT: The answer is no.

Mr. LUCAS: The other point is in regard to the creditors. Must a certain percentage of creditors agree?

Mr. BENNETT: The answer is no.

Mr. MOTHERWELL: We have been flitting about all over the subsections and these alphabetical designations here. Have we passed paragraph (f)?

Mr. STEWART (Edmonton): We are down to subsection 3.

Mr. MOTHERWELL: Have we passed paragraph (f) of subsection 1?

Mr. STEWART (Edmonton): Yes.

Mr. BENNETT: For the hon. gentleman's information I may say that "farmer" under paragraph (f) means a person whose principal occupation consists in farming or the tillage of the soil. That is as broad as we think we can make it under the circumstances, as I explained before the hon. gentleman came into the chamber.

Mr. MOTHERWELL: Does it cover orchardists?

Mr. BENNETT: Yes, I should think so.

Subsections 1 and 2 agreed to.

Subsection 3 stands.

On section 3—Official receiver.

Mr. SPEAKMAN: I understand that any official, provincial or federal, may be appointed as receiver, and I assume that will include the present debt adjustment officers in the various provinces who are familiar with the work.

Mr. BENNETT: At one time it was suggested by some of the provinces that a sheriff might be a suitable person to be designated, but it was thought, in view of his office, that this might be highly undesirable. The section as drawn contemplates debt adjustment officers or other provincial officers who have had to do with these matters being appointed.

Section agreed to.

Section 4 agreed to.

On section 5—Jurisdiction.

Mr. BENNETT: This is quite a departure, owing to the hope we have that the local judge, district or county, having knowledge of local conditions, will be far more conversant with general conditions surrounding the farmer's efforts than anyone else would be.

Section agreed to.

On section 6—If farmer unable to meet his liabilities.

Mr. HANBURY: I notice in subsection 1 the words "before or after an assignment has been made." I should like to have an explanation of that.

Mr. BENNETT: There are cases now outstanding in the country where assignments have been made, and if it were not for such a provision as this, this act would not thus be available, for those who had made assignments would be subject to all the cumbrous provisions of the Bankruptcy Act which was intended originally, as the hon. gentleman knows, for traders and mercantile people. This meets that condition.

Mr. HANBURY: The question arises as to whether a date should be set; otherwise they might go back ten years.

Mr. BENNETT: The Bankruptcy Act in its present form has not been in force that long, so far as farmers are concerned. I do not think there is much difficulty about that, having regard to the statute of limitations in the various provinces and the effect which that would have. I should not be disposed to be too careful when he took advantage of it. The act contemplates that the estate will be wound up with some rapidity, and those who come from Saskatchewan will realize that there was a discussion in the legislature of that province, with respect to one particular case, which has caused a good deal of widespread publicity and some criticism of the act itself.

Mr. HACKETT: I ask the Prime Minister if section 6 may not have to be slightly modified because of section 9 of the Bankruptcy Act. I suppose this statute would have right of way over the general act.

Mr. BENNETT: It so declares.

Mr. HACKETT: Is there any reason to insert here that section 6 shall be effective notwithstanding section 9 of the Bankruptcy Act?

Mr. BENNETT: I am not expressing any opinion—the Minister of Justice is not here—but I think the provisions of subsection 2 of section 2 are sufficient:

> Unless it is otherwise provided or the context otherwise requires, expressions contained in this act shall have the same meaning as in the Bankruptcy Act, and this act shall be read and construed as one with the Bankruptcy Act, but shall have full force and effect notwithstanding anything contained in the Bankruptcy Act. ...

This is to enable the provisions of this act to prevail over the Bankruptcy Act. Section 9 of the Bankruptcy Act contains provisions as to what constitute acts of bankruptcy, as I indicated to the hon. member for Melville. What are acts of bankruptcy are contained in section 3 as it now reads, amended, and I do not think there is any danger. If there is we can make the matter abundantly clear.

Mr. RALSTON: Does not section 7 of the Bankruptcy Act expressly say that it does not apply to farmers? Therefore the hon. member

for Stanstead (Mr. Hackett) will not have any difficulty in connection with the Bankruptcy Act, unless by the terms of this legislation it is expressly made to apply.

Mr. HACKETT: Part II of the Bankruptcy Act applies to farmers, except those of Quebec.

Mr. RALSTON: I was speaking about part I.

Mr. BOWMAN: Clause 6 might be amended by inserting after the word "they" where it appears in the second line the word "generally." Then it would read:

A farmer who is unable to meet his liabilities as they generally become due.

As the clause stands at the present time a farmer simply unable to meet his liabilities would under the provisions of this legislation be able to make a composition with his creditors, but if it followed the definition in the Bankruptcy Act by the insertion of the word "generally" there, it would give the idea that he was one who was generally unable to meet his liabilities. Probably that would cover the case a little better.

Mr. BENNETT: We gave some thought to that and the reason the word "generally" is not inserted is this: this act is an act of the farmer under clause 6 and he will found jurisdiction to attempt a composition if he is unable to meet his liabilities as they become due. The word "generally" need not have any application. If he finds he is unable to meet a liability maturing to-day, he may say to-morrow: I am not able to meet this liability and I know others are coming; I must ask my creditors to make a composition. Under paragraph (j) of section 3 of the Bankruptcy Act, if he is unable to meet his liabilities as they generally become due, that constitutes an act of bankruptcy. But Part I has no reference to the farmer who is affected only by part II which deals with assignments. If, however, it is found that the insertion of that word makes the clause any better I shall not for a single moment oppose its being added. This section is for the farmer; it is permissive; it is to enable him, if he is unable to meet his debts as they become due, to have a scheme drawn up for the composition of his liabilities. The absence of the word "generally" is in the interest of the farmer and not against him.

Mr. HANBURY: That is the whole principle of the bill.

Mr. MICHAUD: In view of the fact that the definition of the word "farmer" has been slightly amended, would it not be well to amend clause 6 so as to cover cases of persons not solely engaged in farming against whom a petition in bankruptcy has already been filed? There are people who are carrying on other occupations than farming but who sometimes get credit on the security of their farm lands. The clause might be subject to some ambiguity and difficulty. Might it not be better to add these words after the last word of subclause 1:

Or against whom a petition has been filed.

So that it would apply to a farmer as defined by the bill. The subclause would then read:

A farmer who is unable to meet his liabilities as they become due may make a proposal for a composition, extension of time or scheme of arrangement either before or after an assignment has been made or against whom a petition has been filed.

In view of the amendment to the definition of "farmer" I am afraid there are some cases where such a change would become necessary.

Mr. BENNETT: I am afraid the hon. member for Restigouche-Madawaska did not quite follow what I said before. The Bankruptcy Act does not apply in part I to farmers; part II, dealing with assignments, applies to farmers but neither consideration need have any weight with us at the moment. We are indicating the condition under which the farmer may apply to use this legislation; that is all. All he has to do is to be in a position where he is unable to meet his liabilities either before or after an assignment has been made. If he has made an assignment he is not able to meet his debts as they mature. If a petition is filed against him he is in the same position. He does not come under part I of the Bankruptcy Act. Therefore, so far as we are concerned there is only one question to ask: Is he unable to meet his liabilities as they become due? If so, he may use the provisions of this measure. Have I made myself clear to my hon. friend? I am afraid I have not.

Mr. RALSTON: The hon. member is referring to the case of a man who has two occupations, who is not only a farmer.

Mr. BENNETT: We have adopted the definition practically of the Income Tax Act rather than of the Bankruptcy Act, because the Bankruptcy Act refers to a person engaged solely in farming or the tillage of the soil. In order to meet the view that was expressed we have changed that to mean one whose principal occupation consists of farming.

Mr. RALSTON: I am afraid my hon. friend meant a man who was not disqualified by the provisions of part I of the Bankruptcy Act. He might have a petition presented against him and he might want to take advantage of the provisions relating to farmers, but could not do so. I thought the Prime Minister's answer was quite clear, namely, that no matter what happened to put the man into bankruptcy court he was unable to meet his liabilities when they became due and therefore was qualified under this legislation.

Mr. BENNETT: Yes.

Section 6 agreed to.

On section 7—In case of a debt owing to a secured creditor.

Mr. BENNETT: This clause, owing to some slight difference in Quebec and other parts of Canada, has been amended to meet that situation and the Solicitor General will move an amendment accordingly.

Mr. DUPRE: In clause 2 we have added these words:

"mortgage" includes a hypothec and also a deed of sale with a right of redemption.

Therefore we have to amend clause 7 accordingly. I move:

That section 7 be deleted and that the following be substituted therefor:

"7. A proposal may provide for a compromise or an extension of time or a scheme of arrangement in relation to a debt owing to a secured creditor or in relation to a debt owing to a person who has acquired movable or immovable property subject to a right of redemption, but in that event the concurrence of the secured creditor or such person shall be required, except in the case of a proposal formulated and confirmed by the board of review as hereinafter provided."

Mr. RALSTON: Does the exception to clause 7 as amended refer particularly to clause 12, subclause 6, where a scheme is compulsorily put through, that is to say, made compulsory by the board of review on both the debtor and the creditor?

Mr. BENNETT: The hon. member for Shelburne-Yarmouth (Mr. Ralston) will appreciate the fact that we have not undertaken to confiscate securities but we have endeavoured to make it possible for the compromise to extend to the secured creditor. At the conference to which I referred the other day the attitude of those representing the security holders was that they were most anxious to assist in bringing about any arrangement that would ensure the farmer remaining on the property. That was the basis of all their anxiety. They have already given earnest of their willingness to make arrangements of that kind, hence it is in this statute. Many of them have forgiven as much as three years' interest; they have reduced interest to seven per cent where it was higher then seven per cent, and in some cases to less. This contemplates their being a party to the general scheme of arrangement without confiscation of their security, as to which there is doubt as to our having power in the premises, and starting the scheme on the basis of the secured creditors and the unsecured creditors participating all together for the advantage of the debtor.

Mr. RALSTON: The Prime Minister will understand that I am finding no fault; I am much interested in the experiment we are trying, and in connection with which we went some distance in the Companies' Creditors Arrangement Act—

Mr. BENNETT: That did not apply to farmers.

Mr. RALSTON: —to interfere with secured creditors. As far as I am concerned I think it is a good idea to have this jurisdiction here if possible. I understand that the government are now going one step further and by this act are saying that the compromise or composition which the debtor proposes shall not be effective unless it is concurred in by the secured creditor except in the case of a compromise which has been expressly approved or formulated by the board of review. So that this parliament does assert the right to affect the right of the secured creditor if that is considered necessary in the interest of the debtor.

Mr. BENNETT: The hon. gentleman is wholly right in part, and not quite, I think, in all. It will be recalled that last session we passed an act in which we endeavoured successfully to provide for compromise with unsecured creditors and then with secured creditors. Section 4 of chapter 36 of last session reads:

Where a compromise or arrangement is proposed between a debtor company and its secured creditors or any class of them, the court may, on the application in a summary way of the company or of any such creditor or of the trustee in bankruptcy or liquidator of the company, order a meeting of such creditors or class of creditors, and, if the court so determines, of the shareholders of such company, to be summoned in such manner as the court directs.

We then went further and provided that the compromise be sanctioned by the court.

Section 6 provided that directions might be given by the court. The limitation of the act was found in section 7, which provided that:

> The provisions of this act shall be in extension and not in limitation of the provisions of any instrument now or hereafter existing governing the rights of creditors or any class of them and shall have full force and effect notwithstanding anything to the contrary contained in any such instrument.

As I intimated the other day, the supreme court last Thursday sustained the validity of this statute. Now the hon. gentleman says that under the board of review section of this bill we propose possibly to go a step further. I think when he reads it he will see that while we have jurisdiction conferred, owing to the constitution of the body, namely the representative of the secured creditors and of the debtor and of the judge who has jurisdiction in bankruptcy, it is probable—

Mr. RALSTON: It is not going any further than that.

Mr. BENNETT: Not very much, I think.

Mr. STITT (Selkirk): That brings up the point that has been in my mind, and it is this. The board of review will be composed of a superior court judge, a representative of the creditor and a representative of the debtor. That will mean that there will not be any interference with contracts. If this parliament proposes to interfere with the rights of secured creditors, occasions will arise when those rights ought to be interfered with. The hon. member for Shelburne-Yarmouth (Mr. Ralston) has said that it is doubtful whether this parliament has the power to interfere with the rights of secured creditors. Have we not the power to interfere as far as interest rates are concerned? If we have that power, ought we not to state specifically in the powers given to the board of review that they shall exercise that power in proper cases? It seems to me that there is very little use in passing this section as it is, if the administration of the act is to rest in the hands of a superior court judge and the representative of the creditors as against one representative of the debtor. It seems to me that there will be many instances where if a secured creditor, for instance a mortgagee, is paid in accordance with the terms of his mortgage there will be no equity at all left for any other creditor, and no hope whatsoever held out to the farmer to encourage him to remain on the land. I suggest that the wording of the bill be extended to state specifically what powers the board of review will have, especially if it is going to be composed as suggested. Could we not have an amendment to give the board of review power to cut interest in proper cases?

Mr. BOWMAN: Surely that is already provided. There cannot be any question that the boards set up under this act will have the right to cut both interest and principal.

Mr. STITT (Selkirk): That is not what the last speaker said.

Mr. RALSTON: And they have the right to do away with the security.

Mr. BOWMAN: There is no question about that, the way the bill is drawn. Moreover under subsection 8 of section 12 the board is given specific instructions as to the basis upon which its decisions are to be arrived at:

> The board shall base its proposal upon the present and prospective capability of the debtor to perform the obligations prescribed and the productive value of the farm.

Surely that covers the point. As I read the bill there is no question that the board of review have the right to cut both principal and interest to any extent that they deem advisable and to cut down the security.

Mr. STITT (Selkirk): I do not think that is an answer to my question, because if it is correct, as the hon. member for Shelburne-Yarmouth stated, that this parliament has not the power to confer upon the board the power to interfere with the rights of secured creditors, and if, as the Prime Minister indicated, boards composed of the personnel designated, will not be likely to interfere, then why not put it in black and white that we have the power? What is the use of enacting provisions that are ultra vires?

Mr. BENNETT: If we thought they were, we would not enact them; that is the answer.

Mr. RALSTON: Did I understand my hon. friend to say that I had said this is ultra vires of this parliament?

Mr. STITT (Selkirk): I believe the hon. member stated that it was very doubtful whether this parliament could interfere with the rights of secured creditors.

Mr. RALSTON: What I think I said was that it was very doubtful until the supreme court spoke last Thursday. Now the supreme court has decided, as I understand, that this parliament can interfere with secured creditors. As far as I am concerned I am happy to bow to their decision. I think there is some practical benefit in having it that way, in view of the fact that we are dealing with

bankruptcy and insolvency. I should be a little afraid in view of the fact that what was submitted to the supreme court was the usual hypothetical question which, as every one knows, cannot be relied on too much when you come to a practical case. But we have done the best we can and have the decision of the supreme court. I was going to ask the Prime Minister before he got through whether if he thought it would be worth while to submit a question in regard to this legislation as well.

Mr. BENNETT: I think that upon consideration the hon. gentleman will see that if the decision and the reasons for it are accepted as valid, in these sections we are within those reasons. The other day I intimated to the house my unwillingness to press this bill until I saw the decision of the supreme court, but if my hon. friend and the hon. member for Selkirk (Mr. Stitt) will be good enough to look at sections 7 and 8 they will see that those sections must be read together. Perhaps it is a question as to whether section 8 might not have been placed before section 7. Section 8 provides:

> Whenever a proposal relates to the rights of a secured creditor, such creditor may value his security and shall be entitled to vote only in respect of the balance of his claim after deducting the amount of his valuation; provided, however, that no proposal shall be approved by the court which provides for the payment to such secured creditor on account of such security of any amount in excess of his valuation, or for granting to him any new security for an amount in excess of his valuation.

That, I think, brings it within the bankruptcy sections as interpreted by the supreme court in the case last Thursday. I think it is broad enough and at the same time narrow enough to conform to the provisions of the sections of our constitution that determine our federal jurisdiction. I say frankly to this committee that I have grave doubt as to the constitutional power of the parliament of Canada to confiscate security. I have said that quite frequently, and I say it again now.

Mr. FACTOR: Subsection 6 of section 12 provides for that.

Mr. BENNETT: Yes, but I am going to mention something else before I come to that. The proposals that the supreme court declared to be within the competence of this parliament last session certainly warrant these two sections; I think the committee can go that far. It will be within the memory of some of the members of this committee that the privy council stated that the judgment or the opinion of the supreme court, or even of the privy council itself, as to the answer to a hypothetical question respecting the constitutional validity of any statute, is no better than the opinion of the law officers of the crown. In other words, when the court gives an opinion in a case of that kind it is not settling the law as in connection with a case; it is not binding as a precedent. It is an expression of the opinion of the court, which one of the members of the privy council said is no higher than the opinion of the law officers of the crown.

Thus far we have the opinion of the Supreme Court of Canada, which unanimously declared that the sections of the companies adjustment act of last session are within the competence of this parliament. I think most hon. members who compare the two will agree that these sections are valid if the sections of last year are valid. They do propose, subject to the limitations imposed by section 12 to which reference will be made presently, that the court shall have jurisdiction to consider the position of secured creditors. But I do direct the attention of the hon. member for Selkirk to the fact that this jurisdiction is limited within itself, because subsection 8 of section 12 declares that the decision of the board shall be based upon the present and prospective capability of the debtor to perform the obligations prescribed, and the productive value of the farm. Then follows the provision that was referred to this afternoon by one hon. gentleman; that is, there are cases where it would be unfair to the farmer himself to approve of a scheme, because it may be quite apparent that he has reached the point where there is no hope that, through such a scheme, he may emerge from the morass in which he is engulfed. That is provided for by subsection 9 which states:

> The board may decline to formulate a proposal in any case where it does not consider that it can do so in fairness and justice to the debtor or the creditors.

I say frankly to the lawyers of the committee that sections 7 and 8 are drafted with the idea of affording to these tribunals power to deal in a limited way with secured and unsecured creditors. The limitation imposed by section 12 upon the exercise of that power is the capability of the debtor. I am bound to say that those responsible for the act found great difficulty in finding a word that would adequately express the meaning we had in mind. If the committee has a better word to suggest than "capability" it will be gladly accepted.

Mr. HACKETT: I think the fears of the hon. member for Selkirk would disappear if he would read section 8 carefully. The preferred creditor has no voice at all in a proposal for a composition unless and until he value his security at less than its face value.

Mr. STITT (Selkirk): Supposing he values it at 99 per cent?

Mr. HACKETT: Then if the liability be $100 he has the status of an ordinary creditor to whom $1 is owing. But I think we are unduly worried by one side of the question; we are inclined to think only of the debtor. I am not sure that in many instances the creditor is not as much disturbed over the present situation as the debtor may be. This legislation gives to the creditor a chance to have his assets properly defined and protected against the intrusion of other and possibly more wolfish people than himself. I believe the creditors as a body will hail any legislation, which in its essence is fair, as a great relief from their anxieties; I am confident that most creditors will be very glad of a measure which will revive and thaw out assets which have been frozen and almost without value for some years.

Mr. McKENZIE (Assiniboia): I notice that the words "secured creditor" are used in both sections 7 and 8. I was wondering if that includes any person except a mortgagee. Are others included in that definition, or what is the interpretation?

Mr. BENNETT: Whoever under the law of the province would be a secured creditor would be a secured creditor here.

Mr. BOWMAN: There is one point I should like to have cleared up, and perhaps the Prime Minister would be good enough to do it for me. Under section 8 reference is made to the valuation of securities by the secured creditors, but I take it that under the provisions of subsection 6 of section 12 there is no necessity for the secured creditor to value his security, since the board has full right to find some solution, some compromise or settlement which is deemed fair to both debtor and creditor, without the creditor being called upon to value his security at all. They can take matters into their own hands, and they need pay no attention to section 8 which calls for the valuation of securities. Perhaps the Prime Minister would be good enough to clear up that point.

Mr. BENNETT: Subsection 6 of section 12 contemplates that there must be a proposal. In every instance the legislation is predicated upon the assumption of a proposal. The board may confirm it as formulated or may amend it, and if the proposal is one affecting the rights of the secured creditor, under section 8 he must value his security. It is perfectly clear, and in the whole you are subject to the provisions of subsection 8 of section 12 in any event.

Mr. BOWMAN: But having valued the security, under subsection 6 of section 12 it is not necessary for the board of review to accept that valuation. They may make a settlement on the basis of an amount less than the valuation placed by the secured creditor.

Mr. BENNETT: Subject to approval by the court.

Mr. LUCHKOVICH: I notice that the Prime Minister said he had grave doubts as to the constitutional right of parliament to confiscate security. I should like to know about a security that is partly confiscated. Suppose this matter is referred to the court and the court decides that the security can be partly confiscated; what then?

Mr. BENNETT: I do not follow the question.

Mr. LUCHKOVICH: The Prime Minister made the statement that he doubted very much whether the security could be confiscated. Suppose this matter of debt is referred to the court, and the court decides that at least in part the security can be confiscated. Would that be constitutional or legal?

Mr. BENNETT: The reduction of the value of a security is not confiscation. I was dealing with confiscation in whole, and not a partial reduction of the value.

Mr. COOTE: It is a little difficult for us to understand the full significance of some of these sections before we have gone over more of the bill. For the purpose of enlightening those who may want to get some idea of the measure from reading Hansard the Prime Minister might perhaps explain in more detail the position of the preferred creditor, in the case of a man whose debts are being arranged under a scheme such as is suggested here. There are two preferred creditors, we will say, one holding a claim upon the land through a mortgage, and the other having a claim through a chattel mortgage, and then there are some unsecured creditors. Is it contemplated that the board which arranges the

composition in the first place will arrange the position of all claims, or would the secured creditor get a greater share of his claim than the unsecured creditor?

Some hon. MEMBERS: Yes.

Mr. COOTE: I did not think the bill made that clear.

Mr. BENNETT: The positions of a secured creditor and of an unsecured creditor are not the same. That is number one. The position of a secured creditor is defined by section 8 and in part by section 12. I repeat, the scheme of this bill is that one who is unable to pay his debts has a right conferred upon him, which in all probability is a right that he possesses as a citizen of this country, to approach his creditors for the purpose of endeavouring to arrive at a compromise of his liabilities and an extension of the time within which to meet his obligations. If his creditors are obdurate, he then has a right to present his claim to a board of review, and a plan or scheme is formulated looking towards the settlement of his obligation in accordance with that plan. If there are secured creditors either in the first instance or in the second, the security is to be valued, and when it reaches the court of review it will be observed from subsection 8 of section 12 that the primary factor in determining whether the scheme shall be adversely or favourably dealt with is the present and prospective capability of the debtor to perform the obligations prescribed and the productive value of the farm. That, I think it will be admitted, is a sound basis on which to approach a problem of that kind in a country where climatic conditions play so large a part in determining the ability of a farmer to meet his debts.

Then, as has been pointed out, there is another clause, subsection 6 of section 12, providing that if the creditors or the debtor decline to approve the proposal so formulated, the board may nevertheless confirm the proposal, although it may not be acceptable to both the creditors and the debtor. Despite the fact that the plan has not been agreed upon between the debtor and the creditors, it may be approved by the board. That is, the proposal is confirmed either in the form in which it was formulated or as amended by the board itself, in which case it shall be approved by the court and shall be binding upon all the creditors and the debtor as in the case of a proposal duly accepted by the creditors and approved by the court. That is a jurisdiction conferred upon the board in terms as broad possibly as we should go even in the light of the decision of the supreme court last Thursday.

Mr. RALSTON: Could you really go any further?

Mr. BENNETT: I really think there is no method by which we could, short of confiscation.

Mr. HANBURY: Confiscation absolutely.

Mr. HACKETT: I wonder if one is justified in saying this is confiscation. It seems to me it is not, and it seems to me it is very clear that it is not. I am putting aside for a moment the question of the unsecured creditor and am considering only the secured creditor. I refuse to accede to the suggestion that the difference between confiscation and what is in this bill is a subtlety, because as the Prime Minister has said, the secured creditor must value his security. Now what the board of review does is to pass upon the accuracy of the valuation, and it passes upon that accuracy by a very definite criterion. That criterion is given to us in subsection 8 of section 12:

> The board shall base its proposal upon the present and prospective capability of the debtor to perform the obligations prescribed and the productive value of the farm.

A has a mortgage, we will say, of $1,000 on a farm. He is asked to value his mortgage. He says, when he values it that it is worth $1,000. The board of review, comprised of a judge and of two others, one representing the debtor and the other the creditors, investigates whether, considering the earning capacity of the debtor and the productive capacity of his farm, the security is actually worth $1,000. It seems to me that is a long way from confiscation.

Mr. FACTOR: Suppose the board finds that according to the basis laid down in subsection 8 the mortgage is worth only $500.

Mr. HACKETT: They may, but that is not confiscation.

Mr. HANBURY: Revaluation.

Mr. HACKETT: A revaluation, if you will. But it does not affect one iota the rights of the holder of that security. It merely says that the security which he holds is worth, not $1,000 but $500.

Mr. HANBURY: It is a proper valuation.

Mr. HACKETT: It is a proper valuation. I suggest that that is a long way from confiscation; it is merely declaratory of a reality.

There is one more point to which I should like to refer and which was not raised by the last question. In the province of Quebec at least a great many of these hypothecary creditors are farmers. Money is lent by a large class of successful farmers to those who need money, to their sons, to their relations and to other farmers. In that regard I do not think this legislation is class legislation. I can only make a guess, but I would not hesitate to express the opinion that one-half of the farm mortgages in Quebec are held by farmers.

Mr. STEWART (Edmonton): If you based the value on the possibilities of the land to produce, I could understand it, but you have two classes of farmer, the good and the bad. How can you base the value of a security on the ability of an individual to make good on the land?

Mr. HACKETT: That is all the creditor has as his security.

Mr. BENNETT: The productive value of the land is there.

Mr. STEWART (Edmonton): But the particular individual may not have the ability to produce the value.

Mr. HACKETT: That is the reason for the dual criterion. I think it is rather clever; it gives to the creditor who values his security the criterion of the intrinsic value of the soil itself plus the capacity of the debtor to work it.

Mr. NEILL: Suppose a secured creditor is not satisfied with the assessment of $500; could he then go on and possess the land or sell it under the original mortgage?

Mr. HACKETT: You are taking us pretty far afield. As I understand the section it is not incumbent upon the board of review to pronounce judgment, although it may. If a case came before the board which they felt it was beyond their powers to adjudicate upon—I suppose that would be a very exceptional case—then the ordinary rules of law which determine the relationship between debtor and creditor would come into play and this exceptional case would be determined in the ordinary way.

Mr. NEILL: That is hardly an answer. I think the Prime Minister could explain.

Mr. HACKETT: Much better than I.

Mr. BENNETT: Answering the hon. member for West Edmonton (Mr. Stewart), when I met the representatives of the farm loan associations they made it perfectly clear that what they feared was that the lands upon which they held mortgages would be abandoned by those who found it difficult to continue. It was not that they were endeavouring to find some way to secure their pound of flesh; on the contrary they were willing to consider any proposal which could be formulated in law and which would not have the effect of confiscation, which they greatly feared as a precedent, but would enable them to make such concessions as would ensure the property being valued, shall I say, at what it would be valued if they foreclosed. I will put this to the committee. A property is mortgaged for $1,000 and foreclosure proceedings are pending. Under the law of most provinces it becomes essential to put in an upset bid when a property is being sold under foreclosure proceedings. The appraiser says the property is worth $500 and it follows that unless a bid for more than $500 is received, the property falls back to the mortgagee. This contemplates something of that general spirit being carried into the legislation. When the plan is formulated, there will be a valuation by the security holder of his security. I say quite frankly to this committee that I think it will find that in most cases they will place a very low estimate upon their securities, where it is at all possible to secure something instead of nothing and to secure a continuance upon the property which otherwise would be abandoned to them. I think I can say that with some degree of frankness, because they seemed to be most desirous that that end should be attained. Under those circumstances what we have endeavoured to do is to give effect to that general principle. The hon. member for Comox-Alberni (Mr. Neill) says: Suppose they valued the security at $500. Well, if that represents the then value of it on foreclosure, for instance, it would be a fair valuation. What will have happened is that the loan company or the secured creditor has lost $1,200 or $1,500 as the case may be. That is not confiscation; that is what has been lost by reason of the decrease in value, the difference between its value and the value put upon it.

Mr. FACTOR: He loses anyhow.

Mr. BENNETT: They would lose it anyhow, while this might save as a productive asset to the country what might otherwise be lost entirely in the long run.

Mr. BROWN: I think the hon. member for Stanstead (Mr. Hackett) used an expression which puts the situation quite clearly when he referred to the actuality which exists.

Mr. FACTOR: Does the Prime Minister think that provincial legislation will be necessary to give effect to this proviso so far as secured creditors are concerned?

Mr. BENNETT: So far as it is bankruptcy, that is solely and exclusively within our jurisdiction; so far as it is property and civil rights, that is solely within the jurisdiction of the legislatures. Most of them have passed statutes which have undertaken to deal with it, so far as they think they have power—there has been no judicial determination upon it—under property and civil rights. However, from what I know of the anxiety of the provinces to have certainty where there may be uncertainty, I think they will support rather than oppose this legislation for the purpose of rendering clear that about which they have had considerable doubt and determining the extent to which, in the light of the decision of Thursday last, parliament may exercise its powers for the purpose of dealing with secured creditors in bankruptcy proceedings.

Mr. STEWART (Edmonton): I am of the opinion that unless the board has very wide powers it will find that there are a great many cases with which it will be unable to deal, particularly in connection with preferred creditors. I know of any number of cases in my locality where the mortgage is not the serious proposition, the indebtedness to the bank, to the machinery company and to the storekeepers constituting by far the major portion of the indebtedness. If the mortgage company feel that their security is safe they are going to hesitate to reduce even the interest rate of seven per cent to which they have agreed. There is no doubt that in many of these cases the property would be worth something more than the amount contained in the mortgage. Unless the board has wide powers it will be very difficult in these cases to secure an adjustment for the farmer. The company being a secured creditor, it will not be willing to give away its security to another class of creditor which is not in that happy position. I rather welcome the wide powers of the board even if it is somewhat questionable in dealing with cases of that kind.

Mr. MacLEAN: In the event of a creditor not being satisfied and the board forcing him to consent to the arrangement or settlement that is made, I understood the Prime Minister to say that it would be better for him to agree to accept something rather than to get nothing. Is it the intention of the government in such cases to provide, through the farm loan board, the money to take up those mortgages where an agreement cannot be arranged between the creditor and the debtor?

Mr. BENNETT: I suggest that the hon. gentleman wait until we reach that section, because answers with respect to the question as he has put it might not be intelligible in view of the succeeding sections.

Section agreed to.

On section 8—Valuation of security of secured creditor.

Mr. BENNETT: This will have to be amended to conform to the change made, to meet the peculiar condition with respect to hypothecs in Quebec.

Mr. DUPRE: I move that section 8 be deleted and the following substituted therefor:

Whenever a proposal relates to the rights of a secured creditor or of a person who has acquired movable or immovable property subject to a right of redemption, such creditor or person may value his security and shall be entitled to vote only in respect of the balance of his claim after deducting the amount of his valuation; provided, however, that no proposal shall be approved by the court which provides for the payment to such secured creditor or person on account of such security of any amount in excess of his valuation, or for granting to him any new security for an amount in excess of his valuation.

Mr. BENNETT: There are no changes except with respect to the matter dealing with the peculiar conditions in Quebec; and the changes, as will be seen in the sections, are merely adding words in accordance with the definition given to the word "mortgage."

Mr. RALSTON: Does the Prime Minister think that the provisions of the Bankruptcy Act itself supplement and fill out this provision with regard to the valuing of security? The only term used is that the creditor shall value his security, whereas a number of sections of the Bankruptcy Act contain elaborate provisions as to just what valuing security means. Is it intended that these sections shall apply so as to supplement what is in this bill?

Mr. BENNETT: No one knows better than the hon. gentleman, who has had experience in the courts under the Bankruptcy Act, that the interpretation of those sections has involved litigation which in one instance went to the privy council. It is to avoid any question of that kind that we say he has to value his security. It is a short and simple way of doing it.

Mr. RALSTON: But what I am wondering is as to what it means after he has valued it.

Mr. BENNETT: The sections that follow make it clear just what that means. The value of the security is fixed by him and he is statutorily barred by this act from setting up any further claim.

Mr. RALSTON: All it says is that he shall not be entitled to any dividend greater than the amount of that value, and he is only entitled to vote for the difference.

Mr. BENNETT: He shall not get any further sum of money than that fixed for the value.

Mr. RALSTON: It seems to me that section 12 went the whole length of permitting the board of review to say to a debtor, "Your property, on which there was a mortgage, is now for division among all your creditors." He would give the secured creditor fifty per cent and the so-called common creditors ten per cent. I cannot see anything to offset that except this provision in regard to valuing security. There is nothing in the provision which indicates what will happen after the valuation has taken place; there is nothing to indicate that you still preserve the right of the secured creditor to his claim. I am not saying that it should be preserved; I am simply trying to figure out what the bill means, and I realize that there is a difficult problem when you attempt to fit this into the Bankruptcy Act. I know that the best that can be done is being done. But have you provided for maintaining the title of the secured creditor, whatever the claim may be, to the extent of what is called the valuation of security? Is it not possible that the board of review may pool the property of the debtor, whether covered by mortgage or otherwise, and may as they think best give a larger proportion of that property to the man who once was secured by it and a smaller proportion to the so-called ordinary debtor? I cannot see yet what there is in section 8 which prevents that, and I can see in section 12 that apparently carte blanche is given for the board of review to do exactly as they like with regard to the property of the debtor.

Mr. BENNETT: The hon. gentleman, I think, realizes as well as any member of this house does that what we are endeavouring to do is not to impinge upon the exclusive power of the provincial legislatures in dealing with property and civil rights and that, for instance, with respect to a real estate mortgage properly registered we have no jurisdiction to make an order that the registration shall disappear. But we conceive it to be possible, under the authority of the decision of Thursday last, to declare that a tribunal set up by this parliament has power under bankruptcy to declare that for the purposes of ranking against the estate, his security shall be valued at a fixed sum and that beyond that he shall not share in the distribution of the estate. The hon. gentleman referred to the provisions as to secured creditors under the Bankruptcy Act, which provide that if he realizes his security he may prove for the balance due to him. That is, he can foreclose the mortgage, realizing $1,500, when his mortgage was $2,500, and rank against the estate for the other $1,000. That cannot happen here. Secondly, if the secured creditor surrenders the security to the trustee for the general benefit of the creditors he may approve for his whole debt. If he wanted to get the benefit of the whole of his security, plus his share of what he did not have security upon, what he did was to surrender the security to the trustee, the trustee realizing upon it, and then he filed a claim for the whole of his debt with interest, and took usually the major part of the estate. We are endeavouring not to raise that issue between property and civil rights and contract with respect to security, which the province has authorized the creation of within its laws, which is registered under the authority of its jurisdiction, and at the same time maintain what we conceive to be our powers with respect to bankruptcy, dealing with it in that way. If we amplified it and undertook to deal with it as 7, 8, 9 and 10 do, we believe we might find a difficulty. To the extent to which these clauses have application, we have not repealed them; but I have given the committee the reason why we have avoided any endeavour to precipitate a conflict between the legislature on the one hand and parliament on the other, one dealing exclusively with property and civil rights in contracts and the other dealing exclusively with bankruptcy and interest.

Mr. BURY: Section 8 as it now stands says that "such creditor may value." Is there any change in that? Will that carry a compulsory valuation with it?

Mr. BENNETT: It says he may value his security and shall be entitled to vote only in respect of the balance of his claim after deducting the amount of his valuation, provided however that no proposal shall be approved by the court which provides for the

payment to such secured creditor or person on account of such security of any amount in excess of his valuation, or for granting to him any new security for an amount in excess of his valuation.

Mr. FACTOR: Why give him a vote on the balance of the claim?

Mr. BENNETT: We do not.

Mr. BURY: Might not the subsequent part of the clause be interpreted as being contingent on the value of the security? There is a first part that leaves the matter optional, and while it is true there are very great disadvantages set out in the remaining part of the clause, is it not possible that the interpretation will be put on the remainder of the clause that it was contingent on the first?

Mr. RALSTON: In answer to the Prime Minister I felt what had been done in this legislation was to leave it so wide open that there was an invitation to the provinces which have jurisdiction over property and civil rights to say that this measure is ultra vires. Sections 107 to 111 of the Bankruptcy Act clearly protect and preserve to a reasonable extent the rights of secured creditors, but I was afraid that clause 12, subclause 6, which provides that the board of review may make a proposal, will give the board power to make one so wide that it might affect the property rights of secured creditors and therefore make the legislation subject to attack. That was the point I was endeavouring to make. I do not see in clause 8 anything which preserves the right of the secured creditor in his security. It says that he may value his security. Suppose I value my security at $500; there is nothing that says the trustee may redeem it at that price as is stated in the Bankruptcy Act. There is nothing that says that the secured creditor may keep it and be credited with the value. All it says is that he may value it, and there is a provision that he shall never get more than the amount of that valuation; that he shall not get an additional dividend. The Prime Minister might consider whether this clause should not be a little more circumscribed in case there is a possibility of ambiguity since this gives the board of review the right to cut out a secured creditor completely. That may be done by some boards. They may say: You, Mr. Creditor, hold a mortgage on this piece of property. Part of the proposition is that your rights under that mortgage shall cease and you will get, say forty per cent of the debtor's estate, while the ordinary creditors will get ten per cent, but the thing that will pay for it is that property on which you have the mortgage. That may be sound; it may be all right, but I question whether it is not going further than the Prime Minister felt he was going when he brought down the legislation. The secured creditor will say that that is confiscation. I am not, however, afraid of the word "confiscation." The minute you give power under the Bankruptcy Act or under this legislation to say that a man's claims shall be, say twenty cents on the dollar, that is confiscation without the word having any invidious meaning at all. I do not want to repeat, but I think this legislation is broader than the Prime Minister intended to make it, and as I believe the hon. member for Selkirk (Mr. Stitt) said, we ought to make this measure what it is claimed to be, one in the interest of those for whose benefit we are passing it.

Mr. BENNETT: I must answer the questions raised by the hon. member for Shelburne-Yarmouth. Clause 8, if he will look at it, is a very simple statement of fact: First, whenever a proposal relates to the rights of a secured creditor, such creditor may value his security; second he shall be entitled to vote only in respect of the balance of his claim after deducting the amount of his valuation; third, no proposal shall be approved by the court which provides for the payment to such secured creditor on account of such security of any amount in excess of his valuation, and, fourth, for granting to him any new security for an amount in excess of his valuation. There is no invitation about anything in that.

Mr. RALSTON: I do not see any provision there which prevents subclause 6 of clause 12 from operating and somebody cutting out the secured creditor's rights under his security.

Mr. BENNETT: But clause 12 must be read as a whole. When we come to that I shall deal with it, but the Bankruptcy Act, as I pointed out a moment ago, deals with the proof by secured creditors. I mentioned the two cases. One was where he realized his security and claimed for the balance; the other was where he surrendered his security and claimed for the whole debt. The act provides further:

> If a secured creditor does not either realize or surrender his security he may if he wishes to rank for dividend and he shall within thirty days after demand made upon him by the trustee, or within such further time as may be allowed by the inspectors or the court, file with the trustee a statutory declaration stating therein full particulars of his security, or securities, the date when each security was given and the value at which he assesses each thereof.

2. A creditor shall be entitled to receive a dividend in respect only of the balance due to him after deducting the assessed value of his security.

3. Where a security is so valued the trustee may at any time redeem it on payment to the creditor of the assessed value.

The reason this legislation differentiates from the general provision is because we are dealing with an extraordinary case in which we know quite well that a trustee as defined by the Bankruptcy Act is not to function, where a special official is appointed to deal with the indebtedness and problems of one who lives nearby and who has the assistance of the district or county court judge in handling his problem. My view is that if we endeavoured to deal with this as has been suggested, we would then run the risk to which the hon. gentleman has referred. I do not quite follow him when he said that this bill was drawn broadly so as to invite the provinces to contest its validity.

Mr. RALSTON: I did not say it was drawn for that purpose.

Mr. BENNETT: All of the provinces are more interested in our being able to sustain this legislation than otherwise. All of the provinces with which we have been in communication are anxious that should be done because they concede the difficulty of their tying on to a debt adjustment or problems that affect, shall I say, bankruptcy as it has been construed by the courts and interest, both falling within the exclusive jurisdiction of the dominion. We believe if we undertook narrowly to analyze the problem and state it in a statute we would run the risk of the statute being invalid for infringing upon the rights of the provinces. I think I can say this to the committee generally, some of whom only are lawyers, that if the swing of judicial opinion as indicated by the judgments of the privy council during the first twenty-five years of the twentieth century were to prevail, the rights of the provinces against the dominion would certainly prevail, but if, on the other hand, the swing that is indicated by more recent decisions in favour of federal powers were to prevail perhaps the federal powers would be sustained. Lord Watson was the great exponent of what one might call provincial rights in interpretation of the statutes, and Lord Haldane followed Lord Watson whom he regarded as the greatest jurist of his time. I think the hon. member for Shelburne-Yarmouth will agree with me it would be very unsound to narrow the problem as between property and civil rights on the one hand and bankruptcy and interest on the other if we are to run the risk of inviting a conflict at once upon that issue. I shall deal with clause 12 when we come to it. If it is desired that clause 8 should stand until we deal with clause 12, all well and good, but I think it will be found we have gone as far as we can to assert our jurisdiction without in any respect encroaching unduly upon the jurisdiction of the provinces, because I am bearing in mind what I fancy the hon. gentleman will remind me of, that if there is a conflict under certain circumstances our legislation would prevail. Under those circumstances I do not desire to limit this too narrowly and run the risk of its being declared invalid.

Mr. HACKETT: There is a definite statement in subsection 2 of section 2 which makes the Bankruptcy Act and bankruptcy rules apply. Section 8 reads as follows:

Whenever a proposal relates to the rights of a secured creditor, such creditor may value his security. . . .

—section 112 of the Bankruptcy Act says:

If a secured creditor does not comply with sections one hundred and six to one hundred and eleven, inclusive, he shall be excluded from all share in any dividend.

May we not conclude that if a secured creditor does not value his security he shall not be entitled to share in any of the benefits of a secured creditor? If that be so, the problem disappears.

Mr. RALSTON: Does my hon. friend say that he thinks section 112 applies?

Mr. HACKETT: Yes, that is the suggestion.

Mr. BOWMAN: Surely section 112 of the Bankruptcy Act cannot overrule subsection 6 of section 12? As I read it, the board of review has the right under the provisions of that subsection to cut down the amount of the principal under the mortgage, despite any of the provisions of the Bankruptcy Act.

Mr. HACKETT: But we were dealing with the case in which the creditor would not value his security.

Mr. RALSTON: I have no desire to delay the committee by discussing the legal effect of the statute. My right hon. friend has the benefit of far greater authorities than I can ever hope to be. I only pointed that out.

Mr. BENNETT: I appreciate it, too.

Mr. RALSTON: It seems to me it is quite possible that the secured creditor might not value his security; then what happens?

Mr. HACKETT: Section 112 of the Bankruptcy Act applies.

Mr. RALSTON: Which means that you can confiscate the secured creditor's security, to use the word of my hon. friend, by dividing it up. I am not objecting to that, but it is not going to be the provinces that will object; it is going to be some of the secured creditors who will attack the validity of this act on the ground that it goes too far. I suggest to the Prime Minister that section 8 be left and discussed with section 12.

Mr. BENNETT: I was going to suggest that there is no reason why section 8 should not stand. I am far from denying that there might be an arguable point, but I think the combined effect of subsection 8 of section 2 together with what I have said with respect to the general principles protect the validity of the section. But I am quite willing to let it stand for further consideration.

Mr. NEILL: Before we pass on may I ask one question? I am not seeking to intrude into a lawyer's argument but rather to educate myself at the expense of the hon. gentlemen's knowledge. If under section 8 the secured creditor who has valued his security is not going to be allowed to rank for the balance, what inducement is there for him to value it at anything below one hundred cents on the dollar? He is not going to get anything more than the low valuation, and he might value it too low.

Mr. BENNETT: The inducement to value it as low as possible is to ensure that the debtor will begin again and remain on the property, and perhaps secure under the loan act some small additional capital to enable him to do so. And I am bound to say—one wants to be perfectly fair about these things—that there was an indication on the part of some of the loan companies that under such a scheme as this they would not be averse to making some small advances themselves in the form provided by the statute to help to keep the men on the land, which is the one great consideration in their mind. We may be perfectly frank about it; all they care about is to get their money or as much of it as they can, and they are not going to get it if the farm is deserted; they cannot get tenants in these days to undertake to farm these properties. They are endeavouring to secure occupancy. I think that is the perfectly fair away to put it, from what I have observed in the discussions we have had. But the section may stand for the moment.

Section stands.

Sections 9 and 10 agreed to.

On section 11—Stay of proceedings.

Mr. BOWMAN: What is to prevent a farmer from making a second or a third application and thus keeping the proceedings indefinitely before the court or the official for the district or the board of review?

Mr. BENNETT: It will be found under section 12 that every effort is being made, even to the extent of giving the right to the board of review itself to formulate a plan based on the knowledge of the condition of the farmer and his creditors. If his condition is such as would indicate the possibility of a second or third application, it is probably not worth while endeavouring to do anything more. One of the subsections of section 12 deals with that. I do not think they could ever get before the board of review under the circumstances to which the hon. gentleman refers.

Mr. RALSTON: I suppose subsection 2 of section 11 is germane to what we have been talking about in connection with secured creditors:

> On a proposal being filed the property of the debtor shall be deemed to be under the authority of the court. . . .

I suppose the Prime Minister and the draftsman had in mind that that meant the equity or whatever was not covered by the security?

Mr. BENNETT: No; instead of appointing a custodian and an interim trustee and a trustee we endeavoured to avoid all that expense. What we are suggesting is that this declaration that the property is in the custody of the law is some security for its preservation. The hon. gentleman, being trained as I was in the older school, will, I think, remember that in replevin actions we used to say that the property was in the custody of the court when the sheriff took possession under his warrant of replevin. This is merely to make a declaration that the property is in the custody of the court for preservation, instead of appointing a custodian. It is to save costs. We had no thought about the relation between preferred and ordinary creditors.

Mr. RALSTON: My right hon. friend thinks this includes chattels against which there is a mortgage or a farm which has a mortgage on it?

Mr. BENNETT: As a matter of fact I do, and I know the hon. gentleman thinks there is some doubt about. I shall concede at once that any assertion by this parliament of such authority is open to question. But if it is ancillary to bankruptcy it is intra vires. If by no possible construction it can be said to

be either directly or indirectly connected with bankruptcy it would fail. I think it must be said to be ancillary in this case. That is the only answer I can give as to the basis of the opinion I have formed.

Section agreed to.

On section 12—Provincial boards of review.

Mr. BENNETT: Perhaps we might take it subsection by subsection.

Subsection 1 agreed to.

Subsection 2 agreed to.

On subsection 3—Chief commissioner to be a judge.

Mr. RALSTON: Does the Prime Minister think that court is sufficiently elastic, if I may put it in that way, or sufficiently get-at-able? In that connection perhaps the Prime Minister would explain. One commissioner is appointed as a representative of the creditors and one is appointed as a representative of the debtors. Does that mean in connection with a particular case or is that a standing court?

Mr. BENNETT: That is a standing court.

Mr. RALSTON: And the selection of that person is made by the governor in council, having in mind a person with a disposition properly to look after the debtor as compared with one who would look after the interests of the creditors?

Mr. BENNETT: I admit that is not easy of realization as to the one who would adequately represent the debtors. We feel that in some of the provinces debt adjustment officers would be admirable for that purpose because of their wide knowledge. In others it might be more difficult, but I think it is always possible to find someone with a sympathetic mind and an earnest desire to do that measure of justice to the debtors that was illustrated by my hon friend from Selkirk (Mr. Stitt), for instance, in what he said tonight. I think that may be possible, though of course I admit the difficulty. This whole act is difficult.

Subsection agreed to.

Subsections 4 and 5 agreed to.

On subsection 6—Board may confirm proposal.

Mr. RALSTON: I have nothing more to say, Mr. Chairman; I have expressed my opinion with regard to section 8 and this subsection.

[Mr. Bennett.]

Mr. BENNETT: I think this is as far as we can go. To go a less distance would be to render the act futile. The young man who gave a great deal of attention to this, who looked up the authorities very carefully, is clearly of the opinion that we are within the law. Lawyers differ; hence they live. If the debtors or the creditors decline to approve the proposal, nevertheless the board may confirm such proposal. I think surely that must be within our power under bankruptcy. If there is power to approve or disapprove there must be power to amend, and if there is power to amend the proposal as formulated we have merely made a declaration to that effect. I do not think any good result would follow my taking up too much time, because I have stated the position as clearly as I can. I do not desire to state it with the emphasis of certainty; I am not unmindful of the difficulties, but this whole statute is surrounded with difficulty. There is not a legal member of the house who does not realize that, and the effort has been made to so steer the legislative ship that it will escape the shoals of the provinces on the one hand and the disaster of being beyond federal jurisdiction on the other.

Subsection agreed to.

Subsections 7 to 10 inclusive agreed to.

Section agreed to.

Sections 13, 14 and 15 agreed to.

On section 16—Administration and expenses.

Mr. MACKENZIE KING: Mr. Chairman, on this section I should like to make a familiar request of the Prime Minister. The section reads:

> The Minister of Finance shall be charged with the administration of this act, and the expenses necessary for such administration shall be payable out of any unappropriated moneys in the consolidated revenue fund.

I should like to move, unless the Prime Minister would care to do so himself, that the words "any unappropriated moneys in the consolidated revenue fund" in lines 40 and 41 be struck out and the following substituted therefor "moneys appropriated by parliament." I think the Prime Minister will agree that we have gone pretty far in the adoption of a new practice with respect to the control of public moneys, by asserting in these acts that moneys shall be taken out of unappropriated moneys in the consolidated revenue fund. It is really desirable to have the Commons control expenditure; not only that, but to have an annual report to parliament together

with annual appropriations, so that the total expenditure of the country will come before the house each session. If that is not done there is no way of keeping track of the total expenditure. It is also desirable in measures of this kind, which are largely experimental, to have a report to parliament of what in other respects may be done under the measures, in order to make perfectly sure that all phases of the legislation will be discussed each session.

Mr. BENNETT: Well, I do hope the right hon. gentleman will not press that view. When he, in my place, had to consider the Old Age Pensions Act, in section 7 he provided that the whole sum disbursed by this dominion for old age pensions, amounting now to millions of dollars per annum, should be paid out of the unappropriated moneys in the consolidated revenue fund. Why did he do that? He did so for the reason that it was almost impossible to arrive at any accurate estimate of the amount required; therefore he enacted in that statute the provision to which I have referred. I just thought I would send for the statute, though the words are perhaps within the memory of the hon. gentleman:

> All sums payable to any province in pursuance of any agreement made under this act shall be payable from time to time on the certificate of the Minister of Finance out of any moneys belonging to the consolidated revenue fund of Canada not otherwise appropriated.

That was in 1927. At that time the right hon. gentleman had to assume responsibility for enacting something that would be workable, and he knew as I knew that to place in the estimates an amount which would be the result of conjecture and guess work probably would not be desirable. Hence this statute. It might be that in the second or third year, if it becomes necessary to utilize this measure for a period of years, that might be done, but obviously in the first year every argument that induced the right hon. gentleman to make that legislation effective with respect to old age pensions, involving millions of dollars, I submit is a powerful argument in favour of this section being enacted, not to authorize the payment of large sums but to provide for the expenses necessary in the administration of the measure. I trust that under those circumstances the right hon. gentleman will agree that what he found essential to make his statute practicable I find equally essential in the measure before us.

Mr. MACKENZIE KING: I will agree that the Prime Minister is quite right in directing attention to what was done when the old age pensions measure was passed, but the fact that he does direct attention to it, and that he has done so several times this session, only emphasizes what I am now attempting to assert, namely the danger that once we adopt a course that may be a departure and which is intended for one single purpose and as an exception, in the course of time it may become a regular method of procedure. I am afraid that is the direction in which we are heading at the moment. We have adopted the practice now, with respect to nearly all relief measures, of doing away with the control of the house over annual appropriations. In the marketing legislation as brought in there was the same intention expressed in the statute; afterwards it very properly was changed. If I am not mistaken there was something similar in the excise measure.

Mr. BENNETT: No, that is a case of the minister and the governor in council.

Mr. MACKENZIE KING: It is all a matter of the control of expenditure. I would much rather see the Prime Minister amend the Old Age Pensions Act in the direction of requiring an annual appropriation for that purpose than to see him citing that act as a precedent in introducing other measures and thereby following what I believe to be a wrong course, even if I may have been partly responsible for acquiescing in it myself. I do think there is a tremendous danger especially in these times when we are spending very large sums of money, of the public losing sight altogether of what annually these various experiments in social, industrial and economic legislation are costing the country. It is an important aspect of all legislation, the most important in some respects. I think it should be easy to form some estimate of the amount required, and if the estimate is not sufficient the Prime Minister knows that he is at liberty to introduce supplementary estimates when the time comes. That would ensure the house getting an idea at least of what this class of legislation and this particular measure is costing the country, and it would also ensure the matter coming up for discussion each year. I would like the Prime Minister to move an amendment himself, but if he does not I shall feel obliged to ask the committee to consider an amendment.

Mr. BENNETT: The right hon. gentleman is in error when he suggests that we are making an exception to the general rule. It has been the rule—I took the trouble to look through a number of the statutes the other day; when the determination of the

amount to be utilized is almost impossible and involves a rough guess, it is better to charge it up against the fund directly and positively than to cumber up the estimates with a statement of something of which when the minister is asked for particulars he can only say: I cannot tell you, but I guess it will be so much; it may be that much; it may be less or it may be more. I will admit that after an act has been running for a number of years one should be able to fix the amount approximately, but I do submit after looking through the statutes not only of this parliament but of other countries as well, that provisions for unappropriated moneys in the consolidated fund to be made available are usual and customary provisions.

It must also be remembered that there is a limitation; the revenue must be there. The expenditure cannot transcend the revenue, for then there is no unappropriated balance in the fund. That is perfectly obvious. Secondly, the sums of money that we pay under statutory authority are detailed every year in the auditor general's report, and their ultimate destination is indicated. I suggest to the right hon. gentleman, therefore, that we are not asking too much when we suggest that this should be left as it is, at least until we we see what is involved, and then if in the light of the experience and the knowledge obtained in the operation of the act for a year one is able to predicate even with any degree of certainty the amount that will be required, it should be introduced in the estimates. I quite agree with the right hon. gentleman as to the broad general principle of the control of the Commons House of Parliament over the expenditures of the country. That is true. But the fact that during all these years, nearly seventy years since confederation, we have found it necessary to make these appropriations in this way is an indication that there are exceptions to well defined rules which in themselves constitute the reason and the authority for the rule, and here, if ever, is a case in which neither the Minister of Finance nor myself can do anything more than guess at the sum that may be required.

Let me just put it this way. If there are extraordinarily good crops and a return by reason of bountiful rains to a measure of prosperity on the farms of Ontario, where there has been a shortage of certain crops, and in other provinces the same, I could not tell whether it would be necessary to spend five or five hundred dollars in any one province. It would be a plain guess in the dark. But when the expenditures have been made, I repeat, and with the knowledge of another year, I shall be perfectly content, sitting on either side of the house, to agree that an appropriation might well appear in the estimates.

Mr. MACKENZIE KING: Might I ask the Prime Minister if he has any idea at all of what the expenditure is likely to be under this measure? Has he formed an estimate for example, of how much the government may be asked to pay for the salaries of the different persons whom it may be found necessary to appoint under the act? Can he give us any estimate at all of what the expenditure is likely to be?

Mr. BENNETT: In the discussions that have taken place, knowing as I do the economic conditions that prevail throughout the country, I did not think it would cost very much for salaries in connection with the administration of the act. The official receiver, so called, I had thought would not be a highly expensive official, and the first review that would have to be made would be the extent to which it would be necessary to utilize the provisions of this act in the several provinces; then the length of time that it might be necessary for the officials to act during a year. For instance, I know that in the winter time it is exceedingly difficult for them to view the properties or to have inspections made that would enable them to deal authoritatively with them, and that is true of almost every part of Canada. I confess that I may have underestimated what it might cost, but I thought that men could be secured for part time effort in that direction for perhaps $150 per month in some of these matters, and in some cases retired men who have had experience in valuation and matters of that sort. I thought it would not be a very expensive process. In the case of old age pensions, for instance, we were able to estimate from the census the number of people who would receive a pension, and in one province in particular the sum has been known for years, and was stated as one of the difficulties to be met in dealing with old age pensions. I am divulging no secret when I say that in this case the question of expense is all important, and we discussed the question how we might limit it to the smallest possible amount consistent with some measure of efficiency. I could not to-night indicate to the right hon. gentleman any sum at all that would be adequate for the purpose any more than it would be possible to indicate what sum might be required for a service that had never been given, and this is a new service in a sense.

We were given some information as to the sums expended under the debt adjustment acts in the three western provinces, and I think they have something similar in British Columbia, although I believe the act is not known there by that name. I am not sure if that is a correct statement of the situation or not. In Ontario there was also an endeavour to make some adjustments in that way. The salaries paid in the western provinces were small. I mentioned $150 a month for part time work. The hon. member who has just come in (Mr. Stewart, Edmonton) knows that the debt adjustment officer in Alberta received moderately small compensation, and the first one, Mr. Fream, was a particularly good man. In a province as large as Saskatchewan I think they have two. In Manitoba I think the official gets small compensation. If I could enlighten the right hon. gentleman I would do so, but I am sorry I cannot do it.

Mr. MACKENZIE KING: Would it be possible to indicate in round figures about what the government imagines the total outlay for a year would be? I assume it would be nine months of this fiscal year, but figuring on a whole year would it be $50,000, or $500,000 or $1,000,000? Is it possible to give any estimate even as general as that?

Mr. BENNETT: I said a moment ago, Mr. Chairman, what I think the right hon. gentleman will realize at once is sound, namely that that depends upon the extent to which farmers make applications and proposals. The hon. gentlemen who sit beside the right hon. leader, one from Alberta and the other from Manitoba, will tell you that that is something which depends as much upon psychological reasons as upon physical reasons. Anyone who has lived in the west for thirty years and over as I have knows that they are never discouraged or overwhelmed. If you tell them that there are prospects that the grasshoppers are all dead or dying, that the rains are bountiful, and that there is no chance of frost, the chances are that they will say: Well, we are not going to try to compromise; if possible we want to pay one hundred cents on the dollar. I should be glad to hear from any hon. member of the committee—the hon. gentlemen in the southeast corner perhaps have a better idea than most of us, because they are more closely connected with the administration of that matter—as to the extent to which the farmer will make application to avail himself of the provisions of this section, as I have no idea.

Mr. MACKENZIE KING: I am not anxious to occasion embarrassment to the Prime Minister in any way as I realize the difficulties there are in the way of forming estimates in relation to this particular measure, which I should like to see of some benefit to those in distress. On the other hand, the matter of control of expenditure and taxation is, in the public interests, more important than anything else. I should like to ask the Prime Minister if he would consider inserting a clause which would require reports to be made to some official of the federal government or to the Minister of Finance by those who may be acting under the provisions of this bill, so that parliament, within a reasonable time after the opening of the next session, may be given a full statement of all transactions which have taken place under the act from the time of its enactment up to the end of the present fiscal year. If something of that sort were arranged for in detail this house would be in position to fix an estimate within reasonable bounds for any subsequent year.

Mr. BENNETT: I anticipated the possibility of the right hon. gentleman taking the position he has now taken. I canvassed the idea of the new official in bankruptcy being asked to make a report and that all who worked under the provisions of the bill should report to him in order that he, through the Minister of Finance, could report to this house. I contemplated that inasmuch as this legislation is based upon bankruptcy and the minister concerned in both instances is the Minister of Finance. I had contemplated that the right hon. gentleman would take the view he has taken with respect to this clause and I suggest that the superintendent of bankruptcy should make a report to the Minister of Finance who would lay the same upon the table of the house within a reasonable time after the opening of the next session. I am perfectly content to do that.

Mr. MACKENZIE KING: In view of what the Prime Minister has said I shall not press the amendment which I have here. However, I might say that the period of the war was perhaps as uncertain from the point of view of the expenditures involved as anything could possibly be, but the Prime Minister of the day found it possible to give parliament complete estimates of the moneys necessary for war purposes. Those moneys were appropriated by this House of Commons and definite amounts were named. I hope we shall not be asked to countenance any action which may take us away from that

first and most important of all rules, under which annual specific appropriations are to be made for definite objects and purposes and as little as possible expended except in accordance therewith.

Mr. BENNETT: I happen to have been in the House of Commons when those estimates were submitted and I am thoroughly familiar with them. The right hon. gentleman says they were complete or detailed estimates, but he knows perfectly well that they were only guesses as to how much would be spent for artillery, how much for infantry, and so on. The guesses were predicated upon the experience of the past year and increased according to the percentage of increase of the activities of the country in that regard. The first expenditures were made by orders in council. When the house met immediately after the commencement of the war it was necessary to grant credits and the granting of the credits involved an estimate as to how much would be required. But the estimates were quite general and quite vague when it came down to a question of detail, such as is involved here. There was nothing about salaries in those estimates. There was something about the payment of the troops, but there was nothing as to how much John Smith or somebody else would get for a particular purpose. There were general headings under which the expenditures were classified. I need hardly say that I think that is highly proper and desirable. I appreciate the attitude of the right hon. gentleman and I will draft an amendment to provide that a proper report should be made.

Mr. MACKENZIE KING: I should like to add one word arising out of what the Prime Minister has just said. I would not expect a statement to be made to the house at the moment in any detail, but I would have thought it would have been possible to fix an amount for the Farmers' Creditors' Arrangement Act, 1934, to be put in the supplementary estimates. This could have been just a round sum, and I would have liked to see it done. I hope if the act is continued another year this will be done.

Mr. BENNETT: I should think it will be.

Section stands.

On section 17—Rate of interest.

Mr. COOTE: As this is the only provision in the two proposals for the reduction of interest rates on existing mortgages I should like to know if it is intended to apply only to mortgages where the date of payment of the principal has not yet arrived?

[Mr. Mackenzie King.]

Mr. BENNETT: This applies only to the cases mentioned in the section itself. The provisions of section 12, to which reference has been made this evening, and of section 6 and the other sections are indicative of the power which we believe may be exercised by the boards and the official receivers. They are the only provisions in the bill which deals specifically with the question of interest.

Mr. CARMICHAEL: Will this section be limited to the interpretation of "farmer" in section 2? In paragraph (f) of that section a farmer is designated as a certain person, but I understand that this section is made applicable to any person. Are we to infer that this section will be applicable to persons other than those designated as farmers?

Mr. BENNETT: It will be observed that this section refers only to farm mortgages. It reads:

> Notwithstanding the provisions of any other statute or law, whenever any rate of interest exceeding seven per centum is stipulated for in any mortgage of farm real estate, if any person liable to pay the mortgage tenders or pays to the person entitled to receive the money, the amount owing on such mortgage and interest to the time of payment,—

And so on. This is a farm bill and it deals with interest as such.

Mr. CARMICHAEL: There is a certain class of person who would not come under paragraph (f) of section 2. A person in that class may have a farm loan and be living from the proceeds of that loan. He may not be living on and working the land, but he may have a mortgage on the land. Would such person be eligible under section 17?

Mr. BENNETT: Yes.

Mr. COOTE: I am satisfied that there are thousands of farm mortgages bearing interest rates in excess of seven per cent where the principal is past due but where the interest has been kept up to date. I should like to know whether there is any proposal of any kind to deal with those cases. I cannot see the possibility of very many farmers being able to get the principal sum to tender to the mortgage company; that is where I see the difficulty.

Mr. BENNETT: We trust that the farm loan act will help in that regard.

Mr. COOTE: I suppose it would be fair to say, then, that the government expect, at least in a large number of cases, that the farm loan board will be in a position to advance money to take up some of these mortgages, and in that event the mortgage

companies would be more inclined to reduce the rate of interest. It does seem to me that there will be a great many mortgages in connection with which the mortgagor will be still solvent and would not come under the terms of this act, but would still be compelled to pay eight per cent. Again I appeal to the Prime Minister if necessary to deal with the interest act in order to meet that situation, if it is not possible to do it under this act.

Mr. BENNETT: This act deals only with problems arising out of farm lands and the insolvent condition of those who at present occupy the farms. This section is intended to permit them, under a scheme of reorganization and readjustment, if new capital is received, notwithstanding anything in the mortgage contained, to pay off the mortgage if it carries a rate higher than seven per cent. That is all that is sought by this amendment. The other problems are dealt with in sections 12, 6 and 8 of the act, and it is believed these will have a very desirable effect. I had originally intended to deal with the problem in some such way as the hon. gentleman suggests, but after satisfying myself—and I was satisfied beyond peradventure—that five per cent was being paid for the money that was lent, I did not desire to risk the validity of the measure by attempting any confiscation on a large scale.

Section agreed to.

On section 18—Act to come into force upon proclamation.

Mr. RALSTON: The Prime Minister I understand is going to put in a section with regard to reports.

Mr. BENNETT: Yes.

Mr. RALSTON: This act contains provisions for quite a number of officials and a large amount of machinery. Section 3 provides for one official receiver in each county or district; section 12 provides for the board of review, which shall consist of the chief commissioner and two other commissioners; and section 13 provides for the appointment of a registrar and other necessary officers to assist the board, and they shall hold office during pleasure. Then it speaks of the official receiver, custodian or trustee. I merely want to say, what the Prime Minister knows as well as anyone else, though he will not mind my pressing it, that throughout the dominion there is now a complete set of machinery for bankruptcy purposes, and it would seem to me that the government can get along very well by utilizing most of that machinery instead of putting in a number of amateurs to handle what is after all a pretty technical matter which requires not only business training but a considerable amount of executive ability and accommodation as well.

Mr. BENNETT: Especially the latter.

Mr. RALSTON: Especially the latter. I commend to him the fact that there is being built up in Canada now a set of officials who are quite efficient in respect of this matter. Some of the difficulties which were necessarily attendant upon the advent of bankruptcy legislation have been done away with, and I believe that efficiency prevails. I trust therefore that he will take advantage of the machinery that exists in connection with this act rather than attempt to break new ground by appointing new officials. He will find, if he does that, that the amount to which he has referred will be very small indeed, because I cannot conceive of any case, except in respect of the boards of review, where there will be any large expenditure of public money required. There seems to me to be a tendency, not only here but everywhere, to increase machinery and I think we have pretty nearly all the machinery necessary in connection with this act.

Mr. BENNETT: With anything that the hon. gentleman has said I am not at the moment quarrelling. One of the difficulties that gave me the gravest concern about the legislation is the very circumstance to which attention has now been directed. There has grown up such resentment against some of the corporate trustees, on the part of those who have had to deal with them, that I say to the committee frankly I was amazed at the vigor of the protest that came to me from time to time, and during the last few months, in connection with matters of this kind. One of them has been discussed in a legislature and one of them was discussed the other day in one of the courts of the country, and in the most vigorous terms the judge said that he intended to report the matter to the superintendent in bankruptcy. My experience has been, in connection with the farming population—that is, in respect of voluntary assignment; and it does not apply to the province of Quebec at all—that they have complained, first, of expense, and secondly, that corporate trustees are without a soul, without any sympathetic attitude towards them at all.

An hon. MEMBER: What about the official receivers?

Mr. BENNETT: I am speaking of corporate official receivers. In the mercantile community you have a different set of considerations. My inquiries led me to believe that those who had been dealing with debt adjustments in some of the provinces at least were so fully seized of the situation, so keenly interested in bringing about some successful issue to their efforts, and so sympathetic with the struggles of their neighbours that we might look to them. In fact, one of the western premiers suggested that we might be able to get along with the aid of the sheriffs, but finally it was pointed out that there was a difficulty in that the sheriff usually has the execution in his pocket.

Mr. RALSTON: He is generally a decent fellow.

Mr. BENNETT: Very; and, though it may sound strange, he is most sympathetic by reason of the contact he has with the poverty and hardships of those against whom he has executions. The view finally prevailed however that this would be dangerous. I will try to bring to the chamber, and to the hon. gentleman's attention, one or two recent letters in connection with the matter to show him how the idea of the corporation acting in the capacity that used to be solely that of the individual has come to prevail during recent years in this country.

Mr. RALSTON: I do not think there are any corporate official receivers.

Mr. BENNETT: Official trustee and official receiver have no differentiation so far as we are concerned. We call them official receivers here, but in one case there is a provision saying official receiver or official trustee.

Section agreed to.

Mr. BENNETT: As a section is to be amended, and section 8 stands, and as new sections are to be added to deal with matters raised by the leader of the opposition, I move that the committee rise and report progress and ask leave to sit again.

Mr. NEILL: Might I suggest that there are some capable men as field supervisors of soldier settlement who might act in the capacity. There are some very capable men who are thoroughly familiar with the troubles of the farmer, and who are acquainted with the situation from the other point of view as well.

Progress reported.

[Mr. Bennett.]

CANADIAN FARM LOAN ACT

PROVISION TO FACILITATE AND INCREASE EXTENSION OF CREDIT TO FARMERS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 93, to amend the Canadian Farm Loan Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. MacDonald (Cape Breton South) in the chair.

Section 1 agreed to.

Section 2 agreed to.

On section 3—Additional powers of board.

Mr. COOTE: I understand that loans contemplated under clause 3 are to persons who already have loans from the board. Is that correct?

Mr. BENNETT: As the hon. gentleman will see, the purpose is to extend the powers of the board to enable them to take collateral security for loans that are outstanding and then to make compositions as though they were private lenders rather than a public board and to do what the loan companies have been doing, make advances in connection with seed grain and matters of that sort to protect their security. It does contemplate dealing with existing loans.

Mr. CARMICHAEL: I believe the Prime Minister is aware that two provinces do not come under the operations of the Canadian Farm Loan Act. I wonder whether he has given any thought to that, or has any suggestion to make as to how the farm loan act will be complementary to the bill we have just passed in such a province as Saskatchewan where the farm loan act does not operate.

Mr. BENNETT: The fact is that we have given considerable thought to that matter. Just how it may be dealt with, we do not see at the moment. The provinces had their own methods of dealing with farm loans; some of them dealt with the question in one way and others in another. The legislation with which we have just been dealing would have application to the provinces whether they had farm loan boards or not, only this measure would not be available for the purpose of finding new capital in cases where compositions had been made and their own board rather than the federal, would have to be responsible for that.

Mr. RALSTON: Has the board at the present time any power to make compromises?

Mr. BENNETT: We think not. My present information is no.

Mr. RALSTON: Have compromises been submitted to the governor in council and made in that way?

Mr. BENNETT: I will tell the hon. gentleman what the position is, because the other day we were asked to provide further information with respect to the situation where the farm loan board is operating. If I give the present position of the loans it might make the matter clearer. The following is a summary of mortgage loans classified by provinces as of March 31, 1934:

Province:	Principal outstanding current
British Columbia	$1,166,741 20
Alberta	3,217,265 84
Manitoba	857,069 28
Quebec	2,791,292 14
New Brunswick	553,903 74
Nova Scotia	271,254 26

Mr. RALSTON: Ontario?

Mr. BENNETT: Ontario has no loan. The following is the statement of arrears:

Province:	Principal Outstanding Arrears	
	Under six months	Over six months
British Columbia	$20,456 57	$26,816 01
Alberta	40,590 72	57,495 52
Manitoba	8,829 25	6,465 59
Quebec	28,032 51	24,446 21
New Brunswick	10,136 68	13,659 29
Nova Scotia	3,875 48	4,134 60

The whole amount outstanding for charges in all the provinces is $43,845.84; the amount of interest that is unpaid in all the provinces under six months is $247,328.52 and over six months, $180,201.86. The amount of interest accrued is $209,863.79. The total amount now outstanding is $9,784,064.90.

There are a number of mortgages under which proceedings have been taken and which are still unsettled as at March 31, 1934. The necessity for being able later to make compromises arises out of that circumstance. The statement is as follows:

Mortgages under which proceedings have been taken, which are still unsettled as of March 31, 1934

Province:	
British Columbia	.....
Alberta	.....
Nova Scotia	.....
Quebec, Manitoba, and New Brunswick	$21,685 89

That is the amount which is unsettled. The amount in arrears under six months is $400.85 and over six months, $600.93. The charges outstanding amount to $622.70. We have made some advances, but I understand there is doubt as to their exact legality and hence the amendment to the section.

Mr. RALSTON: Did the Prime Minister say that over $200,000 was overdue for interest?

Mr. BENNETT: I will give the figures slowly. The amount of interest due and unpaid under six months in arrears is $247,328.52; over six months in arrears, $180,201.86, and the amount of interest accrued, $209,863.79.

Mr. STEWART (Edmonton): More than $400,000 overdue interest.

Mr. BENNETT: Yes.

Mr. STEWART (Edmonton): On $9,000,000?

Mr. BENNETT: Yes.

Mr. LUCAS: Did the Prime Minister give any figures in regard to the number of foreclosures, if any, that have been made under this act?

Mr. BENNETT: Yes. As regards mortgages under which proceedings have been taken and which are still unsettled as at March 31, 1934, there are none in Alberta, none in British Columbia and none in Nova Scotia. The statement in connection with properties that are now vested in the board by reason of proceedings is as follows:

Real Estate Held for Sale at March 31, 1934

Province:	Number of properties	Investment	Book value
British Columbia	10	$ 58,977 53	$ 55,184 94
Alberta	8	18,505 54	15,504 63
Manitoba	3	9,118 89	6,700 00
Quebec	32	113,905 98	77,491 56
New Brunswick	4	13,992 51	10,500 00
Nova Scotia	3	5,482 14	3,687 34
Total	60	$219,982 59	$169,068 47

1. Actual cost includes the amount of unpaid principal on the loans involved, together with accrued interest and cash outlays to date of acquisition by the board.

2. Under the regulations of the board, no parcel of real estate may be carried at a book value in excess of the actual cost thereof to the board.

That is the position at the present moment.

Mr. LUCAS: Subsection (f) of section 3 says:

—accept and hold such additional and collateral security for loans as the board may deem proper.

Am I to understand from that that if a farmer has given a mortgage to the farm loan board and the value of the property has dropped, the board is to be empowered to compel the farmer to give additional security?

Mr. BENNETT: I know of no machinery by which they can compel him to do it, any more than any loan company can compel a farmer to do it. This authorizes the board to take the security; previously it had not the power to do so. The printed note opposite the section explains the conditions with respect to that.

Mr. LUCAS: Would the Prime Minister explain as to the regulations? I know there are regulations under the dominion act; what about the regulations in regard to the provincial authorities?

Mr. BENNETT: These are matters within the powers of the province, with respect to which happily we are not in control, although they are approved by the board before they come into effect.

Mr. LUCAS: When we were discussing this bill there was considerable said about difficulties experienced in trying to make arrangements with the provincial board. We were told that that was dealt with by the dominion. When we come to the dominion we are told it comes under the province. In other words there is more or less passing the buck. I should like to know if there are any provisions as to the regulations, so that we may know how to deal with those questions.

Mr. BENNETT: I confess I find it a little difficult to see why there should be any trouble in understanding it. The board is a corporation created by this parliament; its powers and functions are those conferred upon it by parliament. The provinces have their relation to the scheme which is involved in the legislation itself. They appoint certain officials; the central authority approves. The valuations are made in accordance with the regulations which have been issued by the central board, and when made they come to the central board for ultimate approval, and if that is given the loan issues. But the primary responsibility as to the inspection of the property and the valuation placed upon it rests with the officials who are appointed by the provincial authority and approved by the central authority. Each one of them is approved by the central authority.

Mr. VALLANCE: There is a question which rather puzzles some of us from Saskatchewan. We have there the provincial farm loan board. Would it be possible for any farmer in Saskatchewan to take advantage of this legislation?

Mr. BENNETT: The answer is no, unless the province becomes a party to this legislation. But having their own board, as Ontario has, they may make their own arrangements. As a matter of fact I think they have much of the legislation now in Saskatchewan to enable them to avail themselves of it; they certainly have in Ontario. But the truth, I suppose, is that there is difficulty in obtaining money for farm loans in Saskatchewan under any circumstances at the present time. The province of Saskatchewan created its own loan organization many years ago; in fact one who was at one time minister of finance here had the direction of the board. The present condition of the loans, as far as my memory goes, is that the board is not active; therefore they are not in a position to find new capital. But I believe they have taken collateral security to ensure the province against loss as far as possible. If my memory serves me, the losses have been very substantial.

Mr. LUCAS: Will the Prime Minister say by what method Ontario raises money for its farm loans? I understand loans were made at five and a half per cent and the rate has been recently reduced to five per cent. That is a lower rate than we have been paying under the Canadian Farm Loan Act. I am wondering by what method they were able to get money cheaper than the dominion.

Mr. BENNETT: They have not been able to get money cheaper than the dominion. What they have done is hold themselves out as the recipient and custodian of the savings of the people, for which they paid a rate of interest in excess of that paid by the chartered banks. The moneys thus received were loaned on mortgages and the rate was slightly in excess of that paid for the deposits. In Manitoba the same plan was tried and there were 40,000 depositors. Their money had been lent on mortgages and when the people wanted their money the savings department had the promises to pay of the province of Manitoba which had taken the money for their farm loan board and loaned it to the farmers. Inasmuch as there is a

vast difference between bank notes and cash on the one hand and farm mortgages on the other in the safety deposit boxes, they found themselves compelled to secure a loan for the purpose of enabling them to meet their obligations. There is a great difference of opinion in the minds of those who are charged with financial responsibility as to whether or not the scheme which for years has been in practice in Ontario is of the soundest. But that is how it is done; my business is to answer the question, and that is the answer.

Mr. LUCAS: I notice in this bill that the dominion is to guarantee the bonds that are to be sold. I was wondering how they are going to accept that responsibility, and whether the post office saving department might not be a great source of cheap money to supply these loans.

Mr. BENNETT: The hon. gentleman is aware that under the provisions of the statute generally the price at which money is obtained by the board is the determining factor as to the price paid by the borrower. The borrower pays one and one-half per cent more than the cost of the money to the board, one per cent being for administration and one-half of one per cent for the incidentals in connection with the maintenance of the business. If Canada borrows at four per cent it can lend at five and a half; if at three and a half per cent, it can lend at five. That is the difference between the two plans to which the hon. gentleman has referred.

On the question of obtaining money through the post office savings department I can only point out that it has not been thus far a savings depository favoured by the people of the country. The entire sum now on deposit in the post office savings bank, if my memory serves me—and I speak wholly from memory—is between $20,000,000 and $25,000,000. It has not increased in recent years, but broadly and generally has diminished, because it has not been a favoured institution for the lodging of the savings of the people. I am told the amount on deposit at the present time is $28,000,000.

Mr. COOTE: The ability of the farmer to repay his loans is determined in large part by the rate of interest which he must pay, and it seems to me that the rate of interest might very well be reduced by the farm loan board now. I believe the dominion government can borrow money at the present time at less than four per cent. If that is true would it not be possible for the farm loan board to reduce the interest rate?

Mr. BENNETT: If the hon. gentleman had followed what I said a moment ago he would have realized that there is an addition of one and a half per cent as the statute now stands, one per cent for administration charges and one-half of one per cent in connection with the charges of the transaction.

Mr. COOTE: Is that in the statute or is it the policy of the board?

Mr. BENNETT: That is in the statute itself. The result is that borrowings at four per cent have to be lent at five and a half per cent, and borrowings at three and a half per cent would be lent at five per cent. That differentiates the organization from the farm loan board of Ontario, which lends the moneys it collects from the savings deposited in the savings offices, upon which at one time they paid four per cent interest.

Section agreed to.

Section 4 agreed to.

On section 5—Conditions for loans.

Mr. COOTE: If it is intended or hoped that the farm loan board will be able to make loans to people who would like to pay off mortgages now bearing interest at eight per cent there will be a great many cases in which the existing loan is on a piece of land separate from the quarter section on which the buildings of the farmer are located. In the past it has been a practice of the board—I do not know that it is a regulation—to refuse to give loans to farmers unless they put the quarter section on which their buildings were located in with the piece of property to be mortgaged to the board. This makes it very unfortunate in many cases. It simply means that a farmer cannot get a mortgage unless he mortgages his home. The primary purpose of this legislation is to save the farmers' homes for the farmers even though they might have to let go other pieces of land. Under this section I should like to ask the Prime Minister whether the farm loan board are compelled in any way to follow that rule. It seems to me it is just a rule they have laid down themselves. Sometimes it is attended with unfortunate results, in that the farmer is perhaps compelled to mortgage his home, which otherwise he would not want to do.

Mr. BENNETT: The hon. gentleman is perhaps fully aware that the policy has been adopted by the board and not by the government. The board has endeavoured to function as free from governmental interference as possible, and in the light of the experience of the past that is the conclusion at which they

arrived in promulgating their regulations. They decided that they were not warranted in treating the moneys entrusted to them for lending on any basis that would not, so far as that might be done, ensure their repayment, and they have taken securities on that basis. Frankly that is the policy as indicated by the board when it came into being.

Mr. COOTE: The board was empowered to lend money to enable the farmer to purchase lands, and certainly in some cases it is poor policy on the part of the board to insist that the farmer place his home under mortgage before he can borrow anything. It may be that they would then be compelled to lend a smaller percentage of the appraised value of the land, but so far as I know they have followed that rule. I think in some cases it is a poor rule for the board to follow, and perhaps this is the only opportunity I will have of raising that question while the representative of the board is here with the Prime Minister.

Mr. BENNETT: There is nothing that can be added, except that as a matter of policy that is the rule that has been adopted, and that is all that can be said about it. It might be said, however, that it has been a universal rule in making loans that the property on which the house is built should be included in the mortgage. I know of no case in which that is not the rule of all the companies in the country, in order that there might be a direct incentive on the part of the man who borrowed the money not to abandon the piece of property and let it go but rather, feeling that his home was involved, that he should make an extra effort to pay the loan. Frankly I must say that the policy of the board as far as I could ascertain—and I came as a stranger and inquirer—has been exactly what it would be if it were a loan company, and it has been conducted as such. I think that is a fair way to put it.

Mr. COOTE: I think it has been conducted more conservatively than most loan companies. I could find thousands of quarter sections without farm buildings on which loans have been made by loan companies, but I do not find the same practice being followed by the board. I think the time has come when we might consider changing our laws with regard to the interest rates on farm mortgages, and provide that a man's house need not necessarily go with the mortgage. The position of the ordinary business man who mortgages his business is different from that of the farmer. The business man does not have to mortgage his home; if he goes into bankruptcy he does not lose his home. The farmer is in a different category; if he wants to get an advance under mortgage he must put in his home. If he wants to take advantage of bankruptcy proceedings to get rid of debts he must throw in his home and be forced into the street. Really I think if the government is depending upon the operation of this farm loan board to bring about a reduction in the rate of interest on farm mortgages their practice in that regard ought to be changed, to that degree at least.

[Mr. Bennett.]

Mr. BENNETT: It being eleven o'clock I will not ask that the section pass for the time being; my hon. friend may reserve any further comments that he has to make. I will move that the committee rise and report progress and ask leave to sit again.

Section stands.

Progress reported.

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

Tuesday, June 12, 1934

The house met at three o'clock.

PRICE SPREADS AND MASS BUYING

On the orders of the day:

Mr. I. D. COTNAM (North Renfrew): Mr. Speaker, I should like to inquire of the Minister of Trade and Commerce (Mr. Stevens) if it is the intention of his committee to investigate the price spreads in coal, gasoline and agricultural implements?

Hon. H. H. STEVENS (Minister of Trade and Commerce): I did not quite catch the question of my hon. friend but I understand that he is inquiring if the committee is going to investigate certain additional matters. I think I answered this question the other day when I said that the committee is pretty well loaded up with material at the moment. We are making as rapid progress as possible but there are several important subjects before the committee for investigation and whether it will have time and opportunity to extend its investigations into these subjects is a matter which cannot be determined at the moment.

Mr. MacLEAN: Why not be specific and say coal or gasoline?

Mr. BROWN: Where was the hon. member for North Renfrew (Mr. Cotnam) a few years ago?

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The house in committee of ways and means, Mr. MacDonald (Cape Breton South) in the chair.

Hon. E. N. RHODES (Minister of Finance): The first item to be taken up is in connection with item 79 of the customs tariff. I filed the finding of the tariff board with respect to certain items covering nursery stock and I gave notice of an amendment in consequence of that finding, which amendment is to be found in the votes and proceedings of May 29. The amendment reads:

That schedule A to the customs tariff, as amended by resolution No. 3, of April 18, 1934, be further amended by striking thereout tariff items 79, 79b, 79c, 81 and 82, the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite thereto and by inserting the following items, enumerations and rates of duty in said schedule A:—

Item 79—Florist stock, viz:—Azaleas, rhododendrons, pot-grown lilacs; hydrangeas and other pot-grown plants, n.o.p.; rose stock and other stock for grafting or budding, n.o.p.; seddling carnation stock, araucarias, bulbs, corms, tubers, rhizomes and dormant roots, n.o.p; dwarf polyantha rose bushes imported by florists or purchased in bond in Canada for bona fide forcing purposes in their own greenhouses prior to disposal; laurel and holly foliage, natural or preserved, whether in designs or bouquets or not: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 20 per cent.

Amendment agreed to.

Customs tariff—79b. Flowers and foliage, natural, cut, whether in designs or bouquets, or not, n.o.p.: British preferential tariff, free; intermediate tariff, free; general tariff, 40 per cent.

Item agreed to.

Customs tariff—79c. Trees, being seedling stock for grafting, viz: apple, plum, pear, peach and other fruit trees, including buds and scions for grafting such trees; peach pits for planting purposes: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—81. Trees, n.o.p., viz.:—

(a) Apple, each: British preferential tariff, free; intermediate tariff, 6 cents; general tariff, 7½ cents.

Provided that when imported between September 15 and October 5, inclusive, the duty under the intermediate or general tariff rates shall not be more than 3 cents each.

(b) Pear, plum, cherry, apricot, quince, each: British preferential tariff, free; intermediate tariff, 8 cents; general tariff, 9 cents.

Provided that when imported between September 15 and October 5, inclusive, the duty on cherry trees and on plum trees under the intermediate or general tariff rates shall not be more than 3 cents each.

(c) Peach, including June buds, each: British preferential tariff, free; intermediate tariff, 5 cents; general tariff, 6 cents.

Item agreed to.

Customs tariff—82:

(a) Grape vines, gooseberry and currant bushes or roots, each: British preferential tariff, free; intermediate tariff, 2 cents; general tariff, 2½ cents.

(b) Raspberry, loganberry and blackberry bushes or roots; rhubarb roots, each: British preferential tariff, free; intermediate tariff, 1 cent; general tariff, 1 cent.

(c) Asparagus roots and strawberry plants, each: British preferential tariff, free; intermediate tariff, ¼ cent; general tariff, ¼ cent.

(d) Rosebushes, n.o.p., each: British preferential tariff, 1½ cents; intermediate tariff, 3 cents; general tariff, 7 cents.

(e) Trees, shrubs, vines, plants, roots and cuttings, commonly known as florists or nursery stocks, n.o.p.: British preferential tariff, 12½ per cent; intermediate tariff, 17½ per cent; general tariff, 30 per cent.

Item agreed to.

Mr. RHODES: I have an amendment to move that Schedule A to the customs tariff, as amended by resolutions in committee of ways and means, be further amended by striking thereout tariff item 99c and by inserting in lieu thereof the following:

Customs tariff—99c. Raisins and dried currants:

(i) Until July 31, 1935 . . . per pound: British preferential tariff, free; intermediate tariff, 4 cents; general tariff, 4 cents.

(ii) Thereafter . . . per pound: British preferential tariff, free; intermediate tariff, 3 cents; general tariff, 3 cents.

When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.

This is extending for one year more the Australian preference.

Item agreed to on division.

Customs tariff—117. Halibut livers, fresh: British preferential tariff; intermediate tariff, free; general tariff, free.

Mr. RALSTON: My hon. friend was going to give me some information with regard to this item, particularly with regard to the supply of halibut livers for the furnishing of oil required for consumption in the dominion and as to the amount of oil required for consumption in Canada.

Mr. RHODES: Mr. Chairman, as I understood it, the item stood at the request of my hon. friend from Shelburne-Yarmouth, his

desire being that I should get some additional information, but I am unable to furnish any additional information to the committee as requested for the reason that the items have not been separated and we have no statistics available with respect to this item at all.

Mr. RALSTON: What I wanted to find out was whether or not halibut livers were being admitted free into this country to-day, when there was an ample supply in the country. I have made inquiries and I am unable to get the information at least from the bureau of statistics or the Department of Fisheries. I was endeavouring to get the information from the trade, but I have received no information as yet. Can my hon. friend tell me whether or not halibut livers are produced in this country in sufficient quantity to supply the domestic demand?

Mr. RHODES: Mr. Chairman, I had to seek the same sources of information as my hon. friend, and I have been unable to get a specific answer to the last question he put for the reason that heretofore, as my hon. friend knows, there has been no marketing of halibut livers. So I am not in a position to say whether there is a sufficient quantity available from our Canadian fisheries to supply the market in Canada.

Mr. HOWDEN: I believe that there is a considerable amount of cod liver oil manufactured from halibut liver, and I am interested in knowing if that process is going on in Canada.

Mr. RHODES: Such as has been used hitherto has been imported entirely from the United States. My information is that the use of halibut liver oil is in addition to the demand which hitherto existed for cod liver oil exclusively and that the use of halibut liver oil is increasing quite rapidly.

Mr. RALSTON: I understand that representations came from British Columbia for this change in the tariff due to the fact that American halibut livers were being landed at Prince Rupert and were having to pay a duty. I understand the suggestion was made that they could be manufactured in Canada if they were allowed to be admitted duty free. Can my hon. friend tell me whether or not the product will be marketed in Canada or used for export to the United States and other countries.

Mr. RHODES: My hon. friend is not quite right in saying that they have been landed in Canada. As a matter of fact the duty prohibited their being landed. They were shipped by vessel back to the United States or were dumped overboard. I believe the idea behind the request that they should be admitted free of duty is that we might have another industry in Canada developed. The demand in Canada, as I understand it, is comparatively limited and for a time at all events they will have to seek the export market for the major portion of the halibut liver oil produced. My information comes from the trade and is not based on any actual statistics or on a very wide degree of experience. But such is the expectation of the industry.

Mr. RALSTON: My point is that in view of the fashion nowadays, with which I do not agree, to find out whether or not there is a possibility of supplying the home market entirely with homemade products rather than to export products, it seems to me that before changes are made in tariff items affecting natural products we should know whether the natural products which we produce in this country are sufficient to supply the demand for the finished product which is made from them. As I understand it the minister has not been able to get that information and I have been unable to get it, and I find a difficulty in intelligently discussing or voting on the item which proposes a change and proposes to admit free natural products from foreign countries which may come into competition with our own products.

Mr. NEILL: Did the minister say from whom this request came?

Mr. RHODES: It came from the halibut industry on the Pacific coast. I think the hon. member for Skeena (Mr. Hanson) will be able to give more accurate information on that point.

Mr. NEILL: From the fishing industry or a manufacturing industry?

Mr. RHODES: From the fishing industry, as I understand it.

Mr. MacLEAN: I notice by press reports to-day, and I think it is worth mentioning while we are on this subject, that eel grass is returning in the maritime provinces. I would ask if this is entirely due to the good offices of the present government?

Mr. RHODES: Mr. Chairman, hon. gentlemen are not at all backward, and I do not blame them, in attributing all the ills of the country to this government. I hope in this instance my hon. friend will not object to giving the government some little modicum of credit.

Item agreed to on division.

Mr. RHODES: I have an amendment to move, Mr. Chairman, striking out item 220 in the present customs tariff. As it stands today the British and United States pharmacopœia are recognized but the Canadian formulary, which is Canada's equivalent, is not recognized and the effect of the amendment I shall move is to include in the tariff item in addition to the words "British and United States pharmacopœia" the words "The Canadian formulary." This request comes to us from the Canadian Medical Association.

Mr. TOTZKE: What is the significance of that?

Mr. RHODES: Item 220 of the present tariff provides:

All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, syrups, cordials, bitters, anodynes—

And so forth. I am not reciting the whole item; I am giving the essential part:

Provided that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or United States pharmacopoeia, or the French codex as official, shall not be held to be covered by this item.

All that the amendment does is to add to that list the words:

The Canadian formulary. I beg to move:

That schedule A to the customs tariff, as amended by resolution No. 3 of April 18, 1934, be further amended by striking thereout tariff item 220 and by inserting in lieu thereof the following:

Item 220—All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:—

(a) When dry: British preferential tariff, 20 per cent intermediate tariff, 25 per cent; general tariff, 25 per cent.

(b) Liquid, when containing not more than two and one-half per centum of proof spirit: British preferential tariff, 25 per cent; intermediate tariff, 40 per cent; general tariff, 40 per cent.

(c) All others: British preferential tariff, 60 per cent; intermediate tariff, 60 per cent; general tariff, 60 per cent.

Provided that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or United States pharmacopoeia, the Canadian formulary or the French codex as officinal, shall not be held to be covered by this item;

Provided, also, that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at: British preferential tariff, $3 per gallon and 30 per cent; intermediate tariff, $3 per gallon and 30 per cent; general tariff, $3 per gallon and 30 per cent.

Mr. JACOBS: I suppose that is to prove the proverb that a prophet is not without honour except in his own country.

Mr. RHODES: Quite so.

Amendment agreed to.

Item as amended agreed to.

Mr. RHODES: I have a new item, 296c. I move:

That the following item, enumeration and rates of duties be added to the list of items indicated in resolution No. 3, of April 18, 1934, as for insertion in schedule A to the customs tariff:—

Item 296c.—Magnesium carbonate imported for use in the compounding or manufacture of rubber products: British preferential tariff, free; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

This is adding this commodity to the free list.

Item agreed to.

Mr. RHODES: With reference to customs tariff item 454, when the committee rises and the house resumes I will file a report of the tariff board giving their finding as the result of a hearing with respect to hookless fasteners and in consequence of their findings I move:

That schedule A to the customs tariff, as amended by resolution No. 3 of April 18, 1934, be further amended by striking thereout tariff item 454 and inserting in lieu thereof the following item, enumeration and rates of duties:—

454—Frames not more than 10 inches in width, clasps and fasteners (not to include slide or hookless fasteners), when imported by manufacturers of purses, chatelaine bags or reticules for use exclusively in the manufacture of purses, chatetaine bags or reticules, in their own factories, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 20 per cent.

This amendment merely excludes from the operation of this item slide or hookless fasteners.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—569.

Mr. RALSTON: Is this the hat and hood item?

Mr. RHODES: Yes.

Mr. RALSTON: Is the minister introducing it now?

Mr. RHODES: When the house was in committee of ways and means before, I moved to amend the item, but the amendment stood at the request of my hon. friend. The amendment is as follows:

That schedule A of the customs tariff, as amended by resolution No. 3, of April 18, 1934, be further amended by striking thereout tariff item 569 and by inserting in lieu thereof the following items, enumerations and rates of duties of customs:

Item 569—(i). Hats, caps, hoods and bonnets, n.o.p.; hat and bonnet crowns and hat, cap and bonnet shapes, n.o.p.: British preferential tariff, 22½ per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

(ii) Hats, hoods and shapes of wool felt, not to include fur, under regulations prescribed by the minister: British preferential tariff, 22½ per cent and, per dozen, $1.

Mr. RALSTON: Will the minister give me a little information about this? Can he tell me the date of the hearing before the tariff board on the appeal by the importer from the fixing of an arbitrary value for duty purposes by the minister?

Mr. RHODES: I was under the impression that at a previous sitting I had already passed on to my hon. friend a tabulated statement giving the whole chronological order in which the hearings arose.

Mr. RALSTON: I do not seem to have that.

Mr. RHODES: That was my impression and I am so advised by the commissioner of tariff. I have a copy of the findings before me and perhaps I can get the information that my hon. friend desires. I have here a copy of the report of the tariff board which indicates that the reference to the board was made by me on March 6 last, but I regret to say that I have not the list giving the chronological order of the hearings for which my hon. friend asked and which I was under the impression I had sent to him. I certainly brought it into the house for that purpose. I shall look in my desk.

Mr. RALSTON: I do not seem to have it and I do not remember the minister giving it to me, but I have the general agenda in my mind without actual dates.

Mr. RHODES: Did my hon. friend get the statement on jute? If he did, they were pinned together.

Mr. RALSTON: I do not seem to have the one on jute twine either. The point about the matter is that this item was one in respect to which the Minister of National Revenue had attempted under section 43 of the customs act to fix an arbitrary value for duty purposes. It was one of the items as to which it was alleged that the minister had lost the power of fixing an arbitrary value for duty purposes by reason of the amendment of November, 1932. Notwithstanding the fact that the section was repealed in November, 1932, and another section substituted which provided for the exemption of British goods from the power of the minister to fix an arbitrary value for duty purposes, the customs appraiser went ahead and imposed an arbitrary value on hats and hoods. This was appealed to the tariff board. Some time this spring—I have not the date but I think some time before March—the tariff board made an order holding the minister had no power to fix an arbitrary value for duty purposes, in other words, holding that the section of the act of 1932 was effective and that British goods were not to be subject to arbitrary valuation, and ordered, as I understand the matter, that a refund be made to the importer. I want to ask the minister whether the refund was made to the importer following the judgment of the tariff board.

Mr. RHODES: I think my hon. friend is confusing the reference to the supreme court which arose under part II with the present case which is a hearing under part I. Whether that be so or not, I will say to my hon. friend that I shall have to get the information from the Department of National Revenue. I have made no particular inquiry recently but so far as my knowledge goes there has been no refund. I have no definite information on the point and I shall have to get that from the Department of National Revenue.

Mr. RALSTON: I think my hon. friend is right. I want him to understand clearly that I am not in any way confusing proceedings under part 1 and under part 2. Under part 1 the tariff board has power to make investigation and state facts on which the ministry may make decisions as to whether or not tariff items shall be amended. Under part 2 the tariff board have a judicial power, the same power as the board of customs previously had, to make decisions and to give effect to them. My complaint is that the Minister of National Revenue (Mr. Matthews) and this government are perfectly willing to take the recommendations of the tariff board under part 1 when they increase tariffs but they absolutely disregard binding decisions of the tariff board under part 2 which do away with arbitrary valuations and in effect decrease tariffs. That is my point in a nutshell. This is a good example of it. Here we have hats, hoods and shapes which are included in an item moved by the Minister of Finance (Mr. Rhodes) the other day and pro-

viding for a specific duty. A short time ago we had the tariff board making an order that hats, hoods and shapes should not be subject to arbitrary valuations for duty purposes. That order was completely disregarded by the government. As the minister says, there has been no refund made to the importers, notwithstanding that the tariff board under the powers given by statute ordered such refund. My hon. friend says: Well, there was a reference to the Supreme Court of Canada as to the powers of the tariff board. Let me point out that that reference is not in connection with hats, hoods and shapes, but in connection with jute twine, and that reference, as I have had occasion to point out before, only settles one question, namely: Had the tariff board power to decide that jute twine did not come under the provisions of the act of November, 1932? It has no reference whatever to what we are talking about to-day, hats, hoods and shapes. The government flouts the tariff board in disregarding the decisions which the tariff board have made under part 2, but seems to be only too happy to take the suggestions of the tariff board under part 1 and provide for increases of duty. I submit that was not our conception of the way the tariff board was to be treated when it was constituted under an act of this parliament. I protest in the strongest possible way against that manner of dealing with tariff matters. If we are going to have a tariff board let us endeavour to follow their rulings, not follow them when it results in increasing duties and forget all about them when they say that duty shall be refunded or that the customs appraiser shall cease to make arbitrary valuations for duty purposes.

While I am on my feet let me say that the customs appraiser in the jute twine case put on an arbitrary value for duty purposes which resulted in effect in an ad valorem duty of 82 per cent. That decision was upset by the tariff board, and when the board came to make a recommendation in regard to duty, instead of 82 per cent which the minister was intent on imposing, they only suggested a duty of 27½ per cent. It shows how tariff mad my hon. friends and the Department of National Revenue have gone. I submit that if we are to have a tariff board we ought at least to attempt to follow its recommendations not only under part 1 but part 2 as well.

Mr. RHODES: I shall not attempt to follow my hon. friend in a discussion of the circumstances surrounding the case submitted to the supreme court, arising out of circumstances which are well known to the committee. It will be time enough to do that after the supreme court has made its finding. I do not even raise the point that the matter is sub judice. But what I do want to point out is that while hon. gentleman opposite may differ from us as to whether their attitude with respect to the tariff is right and ours wrong, the government has in every instance accepted the findings of the tariff board on matters of fact. Without any exception, when they have made findings of fact we have brought recommendations to the house in strict conformity therewith. The reference to the supreme court has not to do with a question of fact; the difficulty arises out of a question of law, as to the jurisdiction and authority of the tariff board acting in the stead of the old board of customs appraisers. That is an entirely different matter. I think it is quite fitting and proper that that matter should be cleared up. But I submit with all deference to my hon. friend that is an entirely different matter from accepting as we have in every instance the findings of the tariff board on matters of fact.

Mr. RALSTON: May I say to my hon. friend that his statement shows that he has misconceived the situation entirely. The decision of the tariff board in the jute twine case was that the minister should not fix an arbitrary value for duty purposes, and a similar decision was made in the hats, hoods and shapes case while in the tinplate case they decided that tinplate was not of a class or kind made in Canada. These decisions were on questions of fact and not of law. Those were so far matters of fact that in the jute twine case an appeal was asserted to the governor in council on the question of fact as to whether or not the arbitrary value on jute twine was the correct value for duty purposes. My hon. friend must not draw that red herring across the trail. The reference to the supreme court was an attempt by the governor in council to get away from the decision on the question of fact by claiming that the tariff board had not the authority to make the order which they did in connection with the jute twine case. But the fact remains that the decisions of the tariff board in all three cases were on questions of fact, namely, what duty should be charged and what was the valuation upon which the rate of duty should be assessed. Those decisions stand unchallenged, because this government, although there was an appeal to them in connection with the jute twine case, have not seen fit even at this late date to decide it.

What do they do? They refer to the supreme court the question whether the tariff board had authority. If they thought they had jurisdiction why did they not meet and decide the question of fact whether the jute twine ought to be valued at a value fixed by the minister and the duty assessed accordingly? What they said was: We will not decide the merits at all, whether A who imported these goods paid too much duty, but we will draw a red herring across the trail, skate around it and submit to the supreme court the question whether the tariff board have jurisdiction. After all the essential question in connection with commerce is, how much duty shall be paid. That is the essential thing from the point of view of the importer, the producer and the consumer, not whether the tariff board has jurisdiction but how much duty shall be paid. This government had the opportunity to decide that question or not to decide it, and they took the course of not deciding it. They referred to the Supreme Court of Canada the question of the jurisdiction of the tariff board, leaving untouched the decision of the board that as a matter of fact the value of jute twine for duty purposes was as it should have been after the act of November, 1932, had been repealed. I say that my hon. friend is wrong when he suggests that this government has followed the tariff board on questions of fact. This government have disregarded the decisions of the tariff board on questions of facts, and rather than face those decisions they have made reference to the Supreme Court of Canada as to the jurisdiction of the board on questions of law. I say that my point stands as I made it unchallenged; under part 1 they have accepted the recommendations of the tariff board as to increases of duty, but under part 2 they have studiously avoided following the recommendations and decisions of the tariff board that duty should be remitted and arbitrary valuations not imposed. Again I say that is not what was intended when the tariff board machinery was set up in this country.

Item agreed to on division.

Customs tariff—1035. Machinery, and parts thereof, and dies valued at more than five hundred dollars each, of a class or kind not made in Canada: when used in manufacturing or producing goods of a class or kind not manufactured or produced in Canada prior to the twelfth day of May, 1923, drawback, 60 per cent.

Mr. RHODES: This is a drawback item which was placed in the tariff in the first instance in 1923. I do not know whether or not my hon. friend from Shelburne-Yarmouth is familiar with this item. Due to the lapse of time the administration of this provision has become increasingly difficult, and in addition involves very great expense to the department. It is submitted that because of the lapse of time at this stage the item might be properly removed from the tariff, and my motion is that item 1035 be struck out.

Mr. RALSTON: What industries does it affect?

Mr. RHODES: Any industry at all that makes the contention that it proposes to manufacture a commodity or a piece of machinery which was not made in Canada prior to 1923.

Mr. RALSTON: I understood that it was a drawback item.

Mr. RHODES: Yes, 60 per cent drawback. As a matter of fact I am advised that in some years it cost more to administer the item than the total amount of the drawback involved.

Mr. RALSTON: What is the value of the machinery imported, which is alleged to be subject to the drawback?

Mr. RHODES: I have not the value of the machinery. The best answer I could give my hon. friend is that in the past three years the amount of the drawback has been $78,000, $65,000 and $54,000 respectively. My motion is:

That schedule B to the customs tariff, as amended by resolution No. 4 of April 18, 1934, be further amended by striking thereout tariff item 1035, the enumeration of goods and the rates of drawback of customs duties set opposite thereto.

Mr. RALSTON: Would my hon. friend say this was recommended by the board?

Mr. RHODES: It is recommended by the department.

Mr. VENOIT: There will be no drawback?

Mr. RHODES: No.

Mr. RALSTON: As I understand this it means an increase in the tariff on these items. Previously there was a 60 per cent drawback which is now being refused so that one hundred per cent of the duty will be charged. I do not mean one hundred per cent ad valorem, but one hundred per cent of the duty.

Mr. RHODES: The statement of my hon. friend is quite correct so far as it goes, but he must bear in mind that wherever a bona fide case arises where it is sought to import

into Canada machinery which is not manufactured here it is still open to the individual to have the duty remitted by order in council so that the full rights are preserved to the individual who can set up a bona fide case, without opening the door to abuses which have arisen under this item and without permitting blanket use to be made of this drawback.

Mr. RALSTON: Is that the section which permits the importation of natural or manufactured products to be used by manufacturers in Canada? My hon. friend said there was a provision by which goods used in Canada could have the duty remitted on them. Is that the section that provides that either manufactured or natural products imported for the use of manufacturers in Canada can be put on the free list, or have the duty remitted?

Mr. RHODES: No, I had reference to the Consolidated Revenue Act, which provides that under certain conditions the duty may be remitted.

Amendment agreed to on division.

Customs tariff—1049. Bituminous coal: when imported by manufacturers of coke and converted into coke in their own plants; drawback, 50 per cent. Provided that drawback payable under this item is in lieu of drawback payable under any other item.

Mr. RHODES: I have an amendment to move to this item, as follows:

That tariff item No. 1049, as contained in resolution No. 4 of April 18, 1934, be amended to read as follows:

Bituminous coal ... when imported on or after April 19, 1934. and converted into coke in coke or gas plants, 50 per cent. Provided that drawback payable under this item is in lieu of drawback payable under any other item.

Under the budget item the coal had to be imported by the actual manufacturer of coke. This amendment will permit those wholesalers who hitherto have imported coal which they have sold to gas plants to carry on their business as heretofore. If the tariff item had stood as it appeared in the budget it would have had the effect of putting out of business a number of gentlemen who had been in an established business for a number of years.

Mr. VENIOT: Importers?

Mr. RHODES: Yes.

Mr. RALSTON: Do I understand that the only change is to provide that those having existing stocks are not to be affected by the change in item 1049?

Mr. RHODES: No, this means that an importing company or an individual who has been a supplier of coal to gas plants hitherto will be still permitted to carry on his business, whereas under the item as it appeared in the budget he would have been precluded from carrying on that business, since the gas plant would have to import this coal direct.

Mr. RALSTON: I have not the old item before me, but did it not apply only to importations by manufacturers?

Mr. RHODES: Yes. The old item read:

When imported after the twenty-fourth day of March, 1925, by proprietors of by-product recovery coke ovens and converted into coke—

and so on. My amendment takes out the words "when imported by proprietors" and provides that while coal must be used by the same plants those persons or companies who hitherto have been suppliers of coal to coke plants will be permitted still to import the coal.

Mr. RALSTON: If the old item 1049 did not apply to importers, let us say, as distinguished from manufacturers, why make the new item 1049 apply to them? That is my question.

Mr. RHODES: We are widening the item. My hon. friend will recall that the old item 1049 was confined to those who manufactured coke in a by-product coke oven. It had no reference or application to a large number of plants, largely in the province of Ontario and largely municipally owned, where they manufacture coke as a by-product to their manufacture of gas. Now, the item having been widened, there will be a drawback of fifty per cent to those municipal gas plants where hitherto there has been no drawback at all. Because we are widening the item the amendment of which I speak is moved to take care of the established business which has been in existence for some time in sections of Ontario.

Mr. RALSTON: I am sorry to delay the committee. I quite understand that when my hon. friend brought down the item he intended to widen its application but to narrow the drawback. The drawback was applicable to more coal but there was a smaller drawback; formerly it was 99 per cent while now it is only 50 per cent. What I want to know now is what is the difference between the amendment now introduced and item 1049 as proposed by the minister in the budget speech. I understood that tariff item 1049 as proposed did widen the item. Does this item still further widen it?

Mr. RHODES: It still further widens it in this sense, that if my amendment were not to carry some established importers of coal who for many years have been in business in the province of Ontario, and hitherto have supplied the gas plants in that province, would be put out of business, and the gas coal would have to be imported direct by the gas plants. My amendment, accordingly, permits coal to be imported as hitherto, through the importing channels, but it can earn the drawback only when it actually is converted into coke in the gas plant.

Mr. RALSTON: Was there not a situation in connection with by-product coke ovens to which the old item applied? Was there no case there in which the importers brought in coal and sold it to the by-product coke ovens?

Mr. RHODES: No, it had no application before. Under the application of old item 1049 it had to be imported by the manufacturers themselves.

Mr. RALSTON: Why I query the matter is this: Previously this drawback applied only to by-product coke ovens, and when imported by manufacturers using or operating by-product coke ovens. The principle which my hon. friend wishes to introduce in the amendment is that not only shall you give the benefit to those manufacturers who actually import for the purpose of using it in by-product coke ovens, but you shall give the benefit to those importers who bring it in for the purpose of sale to those who run the by-product coke ovens. As I understand it, that would have considerably widened the item, but my hon. friend has gone even farther. He has proposed that this drawback shall apply to coal used in gas plants, and in what they call bee hive ovens as well. That is a further concession to American coal. That makes the drawback apply to more coal, but he has reduced the amount of the drawback, and therefore probably the protection in the long run to the Canadian market is about the same. My hon. friend goes another step now and states, "Not only am I going to give a drawback in case of coal imported by manufacturers operating by-product coke plants and gas plants and bee hive ovens, but I will give it in case coal is imported for this purpose by people who are not manufacturers." That, it seems to me, is a second step in widening the application.

Mr. RHODES: I think the better way to put it would be this, that it will not increase the opportunity to qualify for the drawback. All it does is to permit a plant to import its coal through an intermediary. That is all it means.

Mr. RALSTON: Could my hon. friend give me an estimate—I am not tying him down—as to the amount of coal to which the present amended item would apply?

Mr. RHODES: I cannot give my hon. friend figures as to the amount of coal to which it will now be applicable, exactly. I could, however, tell him how much was used and the amount of drawbacks under old item 1049.

Mr. RALSTON: Would my hon. friend do that?

Mr. RHODES: I could give my hon. friend and the committee a list of the companies and municipal corporations which will participate in the tariff amendment. They are:

The International Coal and Coke Company, Coleman, Alberta Crowsnest Pass Coal Company, Fernie and Michel, British Columbia.
Nova Scotia Light and Power Company, Limited, Halifax.
New Brunswick Power Company, Saint John.
Quebec Power Company.
Board of Light and Heat Commissioners, Guelph, Ontario.
City Gas Company, London.
Consumers Gas Company, Toronto.
Gas Commission of St. Thomas.
Hydro Electric Power Commission of Ontario. Cobourg.
Ontario Shore Gas Company, Limited, Belleville.
Ottawa Gas Company, Ottawa.
Port Hope Gas Company, Port Hope.
Public Utilities Commission, Kitchener.
Public Utilities Commission, Owen Sound.
Public Utilities Commission, Stratford.
Manitoba Power Commission, Brandon.
British Columbia Electric Railway, Victoria, British Columbia.
British Columbia Electric Power and Gas Company, Vancouver.
The Corporation of the city of Nelson, British Columbia.

Then, I give my hon. friend these figures: In 1932 a drawback was paid on 1,181,675 short tons of bituminous coal amounting to $877,493.88. In 1933 there was an importation of 1,167,240 short tons and the drawback was valued at $866,676.36.

Mr. RALSTON: In addition to the figures showing 1,167,240 tons imported by by-product coke ovens, I find the imported coal used in gas retort ovens in 1933-34 was 570,251 tons, and the coke produced in bee hive ovens in 1933-34 was 55,377 tons. The capacity of the bee hive coke ovens was 431,500 tons, and the capacity of the gas retort ovens in Canada was 302,000. So it seemed to me that there was a possibility of this new item applying to an

additional 1,200,000 tons, although the old item applied to only 1,167,240 tons. Therefore it seems to me that the benefit of the reduction of the drawback from 99 per cent to 50 per cent would be more than offset by the increased application of the drawback to double the amount of tonnage. That is the figure I wish to have from my hon. friend. Has he anything to verify this increase of about 1,200,000 tons to which this drawback will apply, under the amended item?

Mr. RHODES: I have not those figures before me. Of course, my hon. friend is familiar with the general purpose we had in mind. We were confronted with this situation: The old item 1049 was brought into existence in 1925 for very good reason, namely, that coke came into Canada duty free, whereas if you wanted to manufacture coke in Canada the manufacturer was penalized by having to pay a duty of 50 cents a ton. As the tariff then stood it was designed to make it to the advantage of the manufacturer to manufacture the commodity which he used. What was done was that item 1049 was introduced to the tariff, giving a drawback of 99 per cent of the duty on coal converted into coke in by-product coke ovens. All that did was to place the manufacturer of coke in Canada on a parity, less one per cent, with the manufacturer in the United States, and it was done for the reasons I have indicated. But in the year 1931 we placed one dollar a ton duty on coke, and removed entirely the reasons which occasioned item 1049 being applied in the first instance. Then there arose the situation that the manufacturer of coke in a gas plant who was selling coke in a given market found himself in competition with coke being manufactured by a by-product coke oven. The gas plant man was paying 75 cents duty on his coal, and the man with the by-product coke oven was not paying anything. That was the situation with which we were confronted. Either we had to widen the item or we had to cut it out. What we did was to split the difference. One reason for this amendment was the thought that it would inflict less hardship upon those who had hitherto enjoyed the drawback and would confer a very marked advantage upon a large number of users who could now enjoy the drawback of one-half the amount. While undoubtedly it will result in hardship to one or two important importers who have hitherto enjoyed the larger drawback, having regard to the country as a whole, we believe the result will be beneficial and it certainly will be more equitable.

Mr. STEWART (West Edmonton): I do think that the by-product coke ovens to which the drawback was extended on account of their manufacture of metallurgical as well as domestic coke—

Mr. RHODES: My hon. friend must not mention metallurgical coke.

Mr. STEWART (West Edmonton): I merely mention that because it came in free.

Mr. RHODES: We are not touching that at all.

Mr. STEWART (West Edmonton): I am merely explaining the reason for the extension of the drawback to this particular product. It was comparable to metallurgical coke although up to that time metallurgical coke had not been used for domestic purposes to any considerable extent. When we extended this drawback we felt that it was going to be very helpful in encouraging the manufacture of domestic coke and in decreasing the price of anthracite coal which at that time was selling for $18 per ton. We succeeded in getting that happy result, that is, the price of anthracite coal was reduced very materially. My hon. friend must bear in mind that the by-product coke ovens or the coke plants throughout Canada, many of which he has mentioned, were not manufacturing a fuel comparable to metallurgical coke and that fuel had no appreciable power in the reduction of the price of anthracite. I always felt that if they changed their plants they should be entitled to the drawback. Many of them intended to do so but I assume the depression prevented them from taking this action. I am not objecting particularly to the extension but I feel that if plants like the Consumers Gas Company of Toronto and the gas company of this city changed their plants they should receive the benefit. The only two plants which took advantage of this were those in Hamilton and Montreal. Through experiments carried on in Montreal in connection with the treatment of coal, the plant there has increased very materially its consumption of Canadian coal. This is not true of the Hamilton plant as they do not use any Canadian coal. This change proved to be of great benefit to the producers in Nova Scotia. From an original consumption of five or six thousand tons of Canadian coal this plant has increased to a consumption last year of 150 thousand tons.

Mr. CANTLEY: Two hundred thousand tons this year.

Mr. STEWART (West Edmonton): We had two purposes in view; one was to increase the consumption of Canadian coal, which we

did not accomplish at Hamilton, and the other was to have a competitor for anthracite coal which would have a controlling influence upon the price of that commodity to the consumer. I think my hon. friend will agree that those two purposes were accomplished. While the dollar a ton duty on coke referred to by my hon. friend is very helpful to the Hamilton plant, it has not the same effect upon the Montreal plant. My hon. friend has made up his mind to make a test of this matter but I would have preferred if he had left it as it was. I believe it was working very advantageously and accomplishing the two purposes which I have named. It has proved to be a regulating influence upon the price of anthracite, both American and British, and, in the case of Montreal which is within reasonable distance of the coal mines of Nova Scotia, it has brought about an annual increase in the consumption of Canadian coal. I felt that that was something to be desired and I thought it was working out to the advantage of the consumer and of the producer in Nova Scotia. I do not know what the result of this new move will be but in my opinion it certainly will not increase the consumption of Nova Scotia coal. We are not affected in western Canada because the only coke plant in existence there, that at Winnipeg, has been using Canadian coal for some time. I hope this move will not have the effect of cutting down the consumption of Nova Scotia coal and that it will continue to have a regulating influence upon the price of anthracite.

Mr. RHODES: For a number of years my hon. friend was Minister of Mines and he has had very intimate contact with the industry. I differ from him with some hesitancy but I must say that I do not follow him in his argument that by introducing item number 1049 he is going to encourage the use of Nova Scotia coal. I do not think he can sustain that argument. Our feeling has been that that was a blow rather than an assistance to the Nova Scotia coal industry. I am not trying to raise this for the purpose of creating any party atmosphere with respect to this matter and I hope my hon. friend will accept my assurance upon the point. I cannot see how this proposal will affect the Nova Scotia coal industry prejudicially. I may say to him that our object in adopting this method was entirely different. We felt that an injustice had been created as between different producers in Canada of the same commodity.

Mr. STEWART (West Edmonton): It is not the same.

[Mr. C. A. Stewart.]

Mr. RHODES: My hon. friend says that it is not the same commodity. For the sake of argument let us assume that the quality of coke produced in a by-product coke oven is superior to that produced in a gas retort plant. The fact of the matter is that they are both coke, they are both fuel and they sell in the same manner. It cannot be to the disadvantage of the manufacturer of the superior product to be placed in even competition with the man who is producing an inferior product. So far as the manufacturer of the quality commodity is concerned, it seems to me that he is not prejudiced to the slightest degree. I admit that the situation in Montreal is a real one as it presents problems which are not common to any other industry affected by this drawback item. That matter gave me a great deal of concern. In the first place, the dollar per ton duty on coke was of relatively small advantage as they were faced with the free entry of British coke. That was the difficulty in the case of Montreal but it does not apply to the other coke ovens situated inland. Coke is a very bulky commodity and they are not subject to the same degree of competition under the British preferential tariff. Their only competition is from American coke which is subject to a duty of one dollar per ton. As my hon. friend has said we propose to adhere to this proposal and try it out for a year. If we find that any better method can be devised or put through after practical experience, we shall do so. Should any injustice appear in individual cases, for example, with respect to the Montreal coke manufacturing company, we will have to deal with the situation another year.

Mr. STEWART (Edmonton): I do not think the change will in any way increase the consumption of Canadian coal.

Mr. RHODES: Possibly not. I am not alleging that such will be the case.

Mr. STEWART (Edmonton): As a matter of fact, I fear it will reduce the consumption. I want to correct my hon. friend with respect to the change in the use of Canadian coal. I know my hon. friend to my left (Mr. Ralston) did not agree with me and he has strenuously fought the idea from its inception believing that Canadian coal was entitled to protection, but I am not quarrelling with him about that. The fact remains that the plant that was within transportation distance of Nova Scotia mines has increased its consumption of Nova Scotia coal annually, and much more so may I say to my hon. friend the Minister of Finance in the days since he has been minister than previously because

after experimentation it was discovered through the agency of the Mines department and the company's own particular branch that was manufacturing in Montreal that more and more of the Nova Scotia coal could be acceptably added and they have gone on increasing the use of it. The minister has just informed us that it is now 200,000 tons. I did not know that it had reached that amount. It is possible that they will not cut down on that amount but will continue to use that much. I think they are making an honest endeavour to use as much Canadian coal as they can. That is what they agreed to do from the inception of the plant, and we spent a considerable amount of money to accomplish that end. If this were going to help the Canadian coal industry, if it meant that there was going to be more Canadian coal used, I would be all for it, but I do not think it will. However, my hon. friend and I disagree on that point, and time will show what the results will be.

Mr. CANTLEY: There is one thing it will do; that is, it will tend to reduce the importation of coke. There is no question about that. So far as the use of Nova Scotia coal in Montreal is concerned, our difficulty was the unfounded prejudice of people who thought they could not get along without American coal. It took us several years to overcome that prejudice. There was no foundation for it at all. It was an absolute prejudice.

Mr. STEWART (Edmonton): I can hardly accept that statement. Part of it is true perhaps, but on the other hand my hon. friend knows perfectly well that the change that took place among the miners themselves in preparing the coal had a tremendous effect on the amount used, and also the methods adopted in the plant itself for converting the coal into coke. Both factors tended to help the consumption of Nova Scotia coal. There is no doubt in the world that the engineers themselves were prejudiced against Nova Scotia coal as compared with American coal, but they have got over that, and I think they are making an honest endeavour to use every pound of Canadian coal that they can in their production.

Mr. CANTLEY: I stick to what I said, Mr. Chairman, that in the first year we had to overcome an absolutely unfounded prejudice. As a matter of fact, in Nova Scotia we have been making satisfactory coke for more than thirty years from Nova Scotia coal without mixing it with anything. We have never had or needed any mixture either then or now.

Mr. BURY: My hon. friend from West Edmonton thinks that the change in the tariff item will not affect western coal. I wish I could believe that that was true, but I am afraid that the increase in the coke that will be produced by bringing in these beehive ovens and gas plant ovens will have the effect of bringing on to the market in Ontario a larger amount of coke and will conduce to the greater use of coke as a fuel, and I cannot see how that is going to have any other than a bad effect upon the efforts we are making in western Canada to get our Alberta coal into some part of the Ontario market. I hope the reduction of the drawback may have some influence in the other direction, but I would deprecate exceedingly any change in the tariff item that would put another obstacle in the way of, or cause any discouragement to the movement of Alberta coal to supply the Ontario market, which the government has already helped so much.

Mr. STEWART (Edmonton): I do not think my hon. friend need worry about that because bituminous coal from Alberta has never come from beyond Kenora.

Mr. BURY: I am not talking about bituminous coal.

Mr. STEWART (Edmonton): That is the only coal used in making coke.

Mr. BURY: I am talking about the high-grade lignite coal which comes to the western part of Ontario and competes with anthracite and coke, and which now will have to compete with a larger volume of coke. The competition was hard enough when the coke was confined to the products of by-product coke ovens. It will in my opinion be very much intensified if the coke is poured out also from coke ovens, by-product and others, in competition with western coal in eastern Ontario.

Mr. RALSTON: Manufactured from American coal under this drawback.

Mr. COOTE: I wonder if the minister would give to the committee a statement showing the amount of drawback paid in the last year, giving the names of the companies and the amount in each case.

Mr. RHODES: The drawback paid in 1932-33 and 1933-34 was as follows:

	Drawback paid	
	1932-33	1933-34
Steel Company of Canada	$277,541 65	$342,541 43
Algoma Steel Corporation	41,919 40	44,080 81
Hamilton Byproduct Coke Ovens	308,295 07	263,369 65
Winnipeg Electric Company	23,727 98	6,868 88
Montreal Coke and Manufacturing Company	210,608 64	192,926 35
Ottawa Gas Company	15,401 14	16,890 04

That makes a total in round figures of $877,000 in 1932-33 and $866,000 in 1933-34.

Mr. COOTE: I understood the minister to say, when he gave a list of the companies that would benefit from this, that there was one coal company in southern British Columbia and I was wondering why it was not included in the list just given.

Mr. RHODES: I gave to the committee just now, at the request I thought of my hon. friend, the amount of the drawback and the companies that received it under the old item. A short time ago I gave a complete list of the companies who will participate in the benefit arising from the change in the item, permitting them, to the extent of half the amount hitherto available, to get the benefit of the drawback. In that list the International Coal and Coke Company, Limited, of Coleman, Alberta, is included. That is the only Alberta coal company there is, so far as we know.

Mr. COOTE: I misunderstood the minister. I thought he said that they had participated.

Mr. RHODES: No—will participate.

Mr. COOTE: Under the new item proposed, does the coal have to go directly to the gas plant when it is imported?

Mr. RHODES: No; early this afternoon I moved an amendment which would permit the coal to go to the gas plant through an intermediary. This was to protect existing contract suppliers who have been in business for a number of years. It will not affect the incidence of the tariff nor widen it in any way. It serves merely not to disturb and put out of business some coal dealers who have for many years been supplying some of these plants.

Mr. COOTE: I understand the coal could be purchased through the dealer, but does the physical coal itself, when it is imported, go to the dealer's yard, and if so, can it then go to the gas plant and the rebate be paid on it? How will the department administer this? How is it going to be sure that the coal was imported for that purpose?

[Mr. Coote.]

Mr. RHODES: I am assured by the officials of the Department of National Revenue that there will be no difficulty in the matter of administration. Even if my hon. friend might have in mind the idea that there might be substitution, I would point out to him that the question of the actual quantity of coke produced would afford an accurate measure of the quantity of coal which was consumed, and therefore of the total number of tons which would benefit by the drawback.

Mr. COOTE: Would this enable the dealer to sell some slack that he was not able to dispose of otherwise, by selling it to some plant making coke and thereby secure the rebate on that quantity of coal?

Mr. RALSTON: Is there any large quantity used by operators of beehive ovens and gas plants which is bought through middlemen?

Mr. RHODES: The amendment that I brought in is designed largely to protect one or two well established businesses in western Ontario which have been supplying the industry hitherto. It is to meet that particular case that this amendment has been introduced. They have the machinery, the wharves and the equipment and they have been in the business of supplying some of these industries for many years.

Mr. STEWART (Edmonton): Any importer who sells to a gas plant would have to produce his record of sales in order to get any drawback?

Mr. RHODES: Yes.

Mr. STEWART (Edmonton): I do not know whether there is any particular complaint with respect to this, but after all, my hon. friend would have been well advised to stick to the gas plants and their returns.

Mr. RHODES: I am quite free to admit that in practice it may work out that the object we have in mind may not be accomplished, in which event, if I am in this position another year, I shall not have the slightest hesitation in coming to the committee and saying so, but I thought there was a measure of justice in the proposal and I should like to try it out.

Mr. RALSTON: I am apprehensive that cutting the drawback in half and extending the application will result in our paying half the drawback on more than double the number of tons so that the result will be a detriment rather than a benefit to Canadian coal.

Mr. RHODES: The best information I can get is that so far as the treasury is concerned we shall be in about the same position, but we must always bear in mind this factor, that the use of coke is increasing and you cannot therefore measure one year with another with any degree of accuracy. The use of coke is increasing because the knowledge as to its use is becoming more widespread and as people become accustomed to it they regard that type of fuel with favour. It has become increasingly popular for another reason and that is that to-day coke is selling at two or three dollars a ton less than it sold for a very short time ago. The tendency has been for the price to go down rather than up.

Item agreed to.

Mr. RHODES: We will take up the gold resolutions.

SPECIAL WAR REVENUE ACT AMENDMENT

Resolved, that it is expedient to amend the resolution proposing amendments to the Special War Revenue Act, introduced on the eighteenth day of April, one thousand nine hundred and thirty-four, by striking out paragraphs nine to thirteen inclusive and paragraphs fourteen and seventeen of the said resolution and substituting the following:—

9. (1) That in addition to any duty or tax that may be payable under this act or any other statute or law, there shall be imposed, levied or collected a tax of twenty-five per centum on the premium value of gold deposited for sale at the Royal Canadian Mint produced from ore mined in Canada by producers of gold who in both of the years one thousand nine hundred and thirty-two and one thousand nine hundred and thirty-three and at any time in the six months prior to April nineteenth, one thousand nine hundred and thirty-four, paid dividends in cash or stock on preferred or common stock.

(2) That such premuim value shall be the difference between the price of $20·6718+ the ounce fine, established by the Currency Act, and the sale price of gold in the world market converted into Canadian currency at the prevailing rates of exchange, under regulations to be made by the Minister of Finance.

(3) That the amount of the said tax shall be deducted by the Master of the Royal Canadian Mint from the proceeds of the sale of each deposit of gold subject to the tax and shall be paid by him to the receiver general.

Mr. RALSTON: I think the minister should put on record the difference in principle between what is now proposed and what he proposed in his budget speech.

Mr. RHODES: The wording as we now have it provides the equivalent of what was introduced in the budget as a ten per cent tax on gold production. In other words a tax of twenty-five per cent on the exchange premium is the equivalent as nearly as may be of a ten per cent tax on production, with this distinction, that these provisions ensure that the tax will only come from those mines which have been regular dividend payers. For example if a mine paid a dividend in the year 1932, and did not pay a dividend in 1933, it would not be subject to this tax. Only those companies which paid dividends during the years 1932 and 1933 and for the six months' period ending March 31, 1934, will be subject to the tax. The wording, "gold deposited for sale at the Royal Canadian Mint produced from ore mined in Canada by producers of gold" excludes from the operation of the tax placer gold and scrap gold. There is one other feature; that is that the companies which pay the tax will be able to secure credit on this tax to the extent that they pay income tax. Those are the only changes from the original proposal.

Mr. RALSTON: I congratulate my hon. friend on the change he has made. While he says these are the "only" changes, I think they are most vital to the gold mining industry of the country. When I had occasion to address the house after my hon. friend had delivered his budget speech I stressed the point that what my hon. friend should not do was to tax production, but that if a tax must be imposed on the gold-mining industry of the country it should be imposed on profits. Secondly, I stressed the fact that he should not tax mines which were in the development stage. There are plenty of mines which are producing some gold but production and profits from these have in the very nature of things to be plowed back in order that the mine may reach a stable and satisfactory producing position. My hon. friend has met the first point by providing that the tax shall be on the premium and not, as in the original proposal, on the price itself; and by providing further that the tax shall only be paid by mines which have paid dividends, thus taking care of the point that only those mines which have profits shall pay it. In the same way he has met the point that mines which are only in the development stage shall not be taxed, because these mines have not yet started to pay dividends. I think the tax is much more equitable in this form. It is a radical change from what was proposed in the budget. Far be it from me to suggest that my hon. friend has taken any suggestion

or hint from this side of the house but still I am glad to note that his proposals meet the points which were made at the time his budget was criticized. May I say that the third point, namely that the tax paid is to be credited on account of income tax, shows how thoroughly and absolutely he has adopted the principle I endeavoured to lay down that only paying mines and only profits shall be taxed for the purpose of raising revenue from this particular industry.

Mr. FRASER (Cariboo): I want to say a word in regard to this tax on gold, particularly with reference to the exemption of placer gold, as provided under the amendment. It will be remembered that when the tax was imposed in the first place it was a tax on the total production of gold, placer as well as lode. That had a very unfortunate bearing on the production of placer gold in my own district. As one who probably comes in closer contact with that class of gold-mining than any other person in the house I would like to explain the effect that a ten per cent tax on placer gold production would have in my district. Since the depression hit Canada we have in the neighbourhood of a thousand men in the Cariboo district producing placer gold individually by rocking on the bars and benches there. Now these men are of a class who are doing their utmost to keep off relief. They resorted to this method of earning a living and undertook this laborious work—because it is hard, difficult work and the returns are very small—and I thought it was rather an imposition on men of that kind to take ten per cent of their total production when they were doing their best to relieve the country of their maintenance. I cannot say exactly what the returns obtained by these men are, but from my own knowledge gained through purchasing the gold from them I would say that during the year 1932 when this operation started practically, I bought something like $10,000 or $12,000 worth of gold and kept pretty accurate track of the amount of work put into the production of that gold. As nearly as I could figure the wages that these men were making from this operation were between 50 and 60 cents a day. Now you can understand that with a thousand men in my district working for such wages through their anxiety to keep off relief, the proposal of the government to take a ten per cent rake off from their production was not very popular. I appreciate very much, as do the placer miners of the Cariboo district, the fact that they have been relieved of that taxation.

[Mr. Ralston.]

In order to show how much it affects the production of gold, last year the total production in Canada with premium added was something like $85,000,000. The production of placer gold is practically confined to the Yukon and British Columbia. The production of placer gold in British Columbia last year was $357,000 and in the Yukon about $1,000,000. Remember that the Yukon production at the present time is taxed by the federal government. I think it is two and a half per cent at the present time, but at one time the federal government levied a tax on twenty per cent on the total production of the Yukon.

I should like to give just a few figures in regard to mining in British Columbia. In 1933 there were 155 new mining companies incorporated in that province, of which 145 were gold mining companies. Most of these concerns, of course, are lode mining companies. Last year the British Columbia government issued 16,000 free miners' licences, the greatest number of such licences ever issued in that province in any one year. That is accounted for by the fact to which I just referred, that so many unemployed men resorted to the bars and benches of the different rivers of that province in order to recover as much of the gold from the gravel as they possibly could. I may say that some of those men who were well versed in the science of prospecting, who knew just where to go and how to save the fine gold, made very handsome profits. The majority of these men, being inexperienced and not knowing how to prospect, where to look for the gold or how to save it after they found it, made very small returns. In addition to those free miners' licences the British Columbia government also issued provisional free miners' certificates entirely without charge, which carried the privilege, for these men who were trying to make their living, of having their claims recorded free and working their claims without charge. So it will be seen by the committee that the government of British Columbia has been working in cooperation with these men in order to give them an opportunity to make a living in that way.

There is just one other point I should like to mention in connection with the expansion of gold mining in British Columbia. The territory which is producing the greater part of this gold is the territory served by the Pacific Great Eastern railway, and the tonnage hauled over that railway last year was greatly increased through the extension and expansion of the gold mining industry. That road

hauled 6,472 tons of freight in 1933 as compared with 2,137 tons in 1932, which gives an idea of what the gold mining industry does for the railway serving the territory in which the expansion is taking place.

Let me once more express my appreciation for the modification that has been made in the original proposal, and at the same time I should like to express to the Minister of Finance and the government the appreciation of those who are engaged in that industry in British Columbia.

Mr. STEWART (Edmonton): I, too, should like to congratulate the minister on his amendment. As the provision was introduced it would have put a great many of the smaller gold mines out of business; there is no doubt of that. Undoubtedly it would have hampered the mines giving the greatest amount of employment as well, so I think the minister should be congratulated on having made the change. Undoubtedly the profit tax is the fairest tax that can be imposed, though in my mind I have a doubt as to whether this is a proper field for the federal government to enter. It seems to me that if a tax on gold was to be imposed it should have been imposed by the provinces, because there are only about three of the provinces that are gold producing. However, I am not going to quarrel with the minister on that aspect of the matter; I know how badly he needs revenue, and I am informed that he will get about as much by this method as was anticipated in the proposal first made. I do think this will have a stabilizing effect on the production of mines which have had some difficulty in carrying on and which, as I have pointed out, of necessity must give a greater amount of employment than the mines which now will be affected. I am not so sure about the retroactive aspect of the amendment. Is that not a new departure?

Mr. RHODES: No; there is nothing retroactive in it.

Mr. STEWART (Edmonton): I understood that it was retroactive to 1933.

Mr. RHODES: No, that has reference only to companies which paid dividends in that year; it is not a tax on the gold produced. Companies had to pay dividends in 1932, 1933 and the six months prior to March of this year; otherwise they were not taxed at all. That is merely used for the purpose of defining those companies that should pay the tax as and from the 19th day of April. That is all.

I could discuss this matter at length; it is rather an interesting subject, but I will deal with only one point. May I say to my hon. friend from Edmonton that the taxation of the mining industry is one thing that quite properly might be a field of taxation reserved to the provinces, but the tax on the premium on gold is an entirely different thing. The price of gold is fixed under the Currency Act as a matter of statute; its value is determined by the legislation of this parliament, and with all deference I submit that the tax on the premium is peculiarly within the right of this parliament and does not interfere in any way with the right of the provinces to tax the mining industry as such. Their taxation in that respect can be levied if they see fit to do so.

Mr. JACOBS: They can do so now; there is nothing to prevent them from taxing the mining industry, as they probably will in due course.

Mr. RHODES: That is so.

Mr. MacLEAN: The hon. member for Cariboo (Mr. Fraser) stated that in the last few years he had purchased a great deal of gold from miners. Paragraph 10 of this section makes it unlawful for anyone but the producer to ship gold to the mint. From this section I take it that the original producer must transfer his gold to the mint, and that it cannot be purchased by anyone other than the mint. I should like to know from the minister if that assumption is correct.

Mr. RHODES: Perhaps I may be permitted to say a word in that connection. Placer mining is in a peculiar position. If the provision that producers must bring their gold to the mint were strictly adhered to it would debar hundreds and thousands of individual placer miners who gather up small quantities of placer gold in the Yukon and in British Columbia. So it is a real convenience to them to give them an opportunity of disposing of their gold on the spot and receiving cash from some individual who is prepared to buy it from them. That individual may gather together a considerable volume of such gold and, in turn, send it to the mint. My hon. friend will observe that the minister may issue a permit which would cover just that case in point. It is an entirely different thing from the gold which comes from a producer such as a company which produces several hundred ounces of gold in a year, as compared with the individual placer miner who produces perhaps only a few ounces.

Mr. MacLEAN: For the information of those of us who are on the outside and do not know the inside story of gold mining, would the minister tell us how the master of the mint knows placer gold from gold mined in other ways?

Mr. RHODES: I am informed it is very easily distinguishable. The gold coming from each mine, as a matter of fact, has distinguishing qualities to an extent that the moment the master of the mint sees a brick he can tell, with a great degree of accuracy, from which mine it has come. There are different colours, qualities and bloom, as the hon. member for Pictou has reminded me. Furthermore, in every case certificates of origin are required.

Mr. MacLEAN: I wish to thank the minister for his explanation and, with other hon. members, to congratulate him upon the amendments. We must not forget that the mining of gold is made possible by the investing public, and in connection with the imposition of a tax of this kind they must be considered. Not only the operators of gold mines and miners of placer gold are interested, but there are people from coast to coast who have put their money into mining ventures and made it possible for these operators and miners to carry on. Therefore, if the change made by the minister brings about a more equitable arrangement, I should like to congratulate him. I do not say he took his cue from the hon. member for Shelburne-Yarmouth, but I do say there was a general appeal from people throughout the country that changes should be made, and I think the Minister of Finance was wise in making the change.

Paragraph agreed to.

10. That it shall be unlawful for any person to whom the provisions of this part apply (i) to sell gold produced from natural deposits in Canada otherwise than to the Royal Canadian Mint, except by the consent in writing of the Minister of Finance; (ii) to refuse to sell or refrain from selling such gold to the Royal Canadian Mint at such time as in the usual course of business such gold would be sold, and to provide penalties for violation of this provision.

Mr. JACOBS: I should like to have some information from the minister as to whether the mint purchases old gold, and if so what prices are being paid for it?

Mr. RHODES: The mint does purchase old gold. It is well defined and easily distinguishable as old gold, under the regulations which have been laid down. The price paid is the world price less a charge of one dollar an ounce. I may point out that the gold must be in its original form.

Mr. JACOBS: Old teeth, for instance,—bridges, and that sort of thing, melted down.

Mr. RHODES: No, not melted down.

Mr. JACOBS: They must be handed in in their original form?

Mr. RHODES: Yes. Otherwise the opportunity to drop in the odd five dollar gold piece would be irresistable.

Mr. JACOBS: So that if old gold comes in bars, melted down, it will not be purchased by the mint?

Mr. RHODES: No, it must be in its original form, namely in the form of jewellery, spectacles, watches, rings and so on.

Mr. JACOBS: That is scarcely an original form for gold.

Mr. RHODES: It is the original form of old gold.

Mr. JACOBS: What about teeth?

Mr. RHODES: Well, I do not know whether or not they receive any teeth at the mint, but I have seen large quantities of old jewellery, watches, watch cases, rings, brooches, pins, ear rings, and all sorts of odds and ends.

Mr. JACOBS: The minister does not propose to put teeth in this law, then?

Mr. SIMPSON (Algoma): Not gold teeth.

Mr. FRASER (Cariboo): I should like to ask the minister if the regulation in regard to the permits issued to banks for the purchase or the handling of this gold will be continued? I am speaking about placer gold.

Mr. RHODES: Yes, it is the purpose to have such machinery as may be necessary to facilitate the carrying on of placer mining and the disposition of placer gold.

Mr. FRASER (Cariboo): There is no contemplated change in the existing legislation?

Mr. RHODES: No, no change contemplated at the moment.

Mr. JACOBS: I should like once more to revert to this matter of the price of old gold. I have in mind an instance where a person came from the United States bringing a quantity of old gold in bars. It was declared illegal to bring it in, because a declaration

was not made at the border. That was the only illegality committed. After he had straightened out his difficulties with the department at Washington this person retained parties in Canada for the purpose of selling the gold. He thought he would be able to do so, gaining the advantage of the premium, but he was unable to negotiate a sale because of the fact that the gold was not produced from Canadian mines. The question of the odd five dollar gold piece ought not to have been considered, because if there were any they would be American, and not Canadian. In that respect, therefore, he did not break the law. Why was it he was not given the regulation amount of $35 an ounce for his gold?

Mr. RHODES: For the reasons I indicated a moment ago, our regulations state that gold shall be submitted to the mint in its original form. This is done for the express purpose of preventing old gold being melted down, and gold coin being added to it.

Mr. JACOBS: Canadian gold coin?

Mr. RHODES: Yes, or British sovereigns, or the five dollar gold pieces of the United States, none of which, as coins, are worth more than their face value.

Mr. JACOBS: Why should we declare a protectorate over American gold?

Mr. RHODES: Because the United States coins are legal tender in Canada. We wish to protect only the legitimate trade, and not that trade which arises out of the opportunity to make an easy dollar.

Paragraph agreed to.

11. That no charges except the charges imposed by the regulations for the receipt of gold bullion at the Royal Canadian Mint shall be made by the Royal Canadian Mint in respect of any gold subject to the said tax, and the costs incidental to the sale of such gold so subject to the tax after its receipt by the Royal Canadian Mint may be paid out of the revenue collected by means of the said tax.

Paragraph agreed to.

12. That all gold exported in the form of ore, concentrates or base bullion produced from ore mined in Canada by producers of gold who in both of the years one thousand nine hundred and thirty-two and one thousand nine hundred and thirty-three and at any time in the six months prior to April nineteenth, one thousand nine hundred and thirty-four, paid dividends in cash or stock on preferred or common stock, shall be subject to the said tax, under regulations to be made by the Minister of Finance.

Paragraph agreed to.

13. (1) That the said tax shall apply to gold deposited for sale at the Royal Canadian Mint, or exported, no matter by whom deposited, or exported, if it would have applied had such gold been so deposited or exported by the person who mined the ore from which such gold was produced.

(2) That the said tax shall not apply to gold deposited for sale at the Royal Canadian Mint, or exported by any person if it would not have applied had such gold been so deposited or exported by the person who mined the ore from which such gold was produced.

(3) That a depositor or exporter of gold shall furnish such evidence of the origin of the gold deposited or exported as the Minister of Finance may require and any producer of gold from natural deposits shall furnish to the Minister of Finance such information as he may require.

Paragraph agreed to.

13a. (1) That the said tax shall not operate so as to reduce the amount payable to the depositor or exporter below thirty dollars the ounce fine in currency of Canada.

Paragraph agreed to.

(2) That the amount of the said tax levied in the fiscal year ending March thirty-first, one thousand nine hundred and thirty-five shall be reduced by the amount of income tax payable under the Income War Tax Act by the producer of gold on which the tax has been levied, for and in respect of the calendar year one thousand nine hundred and thirty-four and the adjustment resulting therefrom shall be made when the amount of liability for income tax has been determined after the close of the fiscal period of such producer in respect of the calendar year one thousand nine hundred and thirty-four and for the purpose only of this subsection (2) where the fiscal year of a producer does not coincide with the calendar year, the producer shall make a return to the commissioner of income tax as at the end of the calendar year one thousand nine hundred and thirty-four and a computation of income tax payable on the basis of such return shall be made by the commissioner of income tax in the same manner as if such return had been made under the provisions of the Income War Tax Act and the amount so computed shall be determined to be the amount of income tax payable for the purposes of this subsection (2) and shall be used as the basis of the said adjustment: Provided, that in the case of a producer who derives income through the production of gold combined with other metals or materials, the provisions of this subsection (2) shall apply only to the amount of income tax attributable to the production by such producer of gold subject to the tax.

Mr. JACOBS: I hope the phrasing is sufficiently clear for those who have to operate under it. From the length of the section it looks to me as though this will be a gold mine for lawyers who will have to interpret the section in due course.

Mr. MANION: It was probably drawn up by a lawyer.

Mr. RHODES: I have the hope that the fears of my hon. friend will be unfounded. As a matter of fact, this section has been drafted with very great care.

Mr. JACOBS: All sections are drafted that way.

Mr. RHODES: It has been scrutinized very carefully by the solicitors representing the companies which will be affected. I think perhaps the best evidence I can offer to my hon. friend that it covers the cases I have in mind is that I have as yet had no protests as to the wording.

Mr. JACOBS: That does not amount to much.

Mr. RHODES: I believe it is eminently suited to accomplish the objects which we have in mind.

Mr. JACOBS: I hope it is but I imagine we will not know that it has been drafted with great care until the Judicial Committee of the Privy Council has rendered a decision.

Paragraph agreed to.

13b. That the Minister of Finance may make such regulations as he deems necessary or expedient to ensure the carrying out of the provisions and intent of this part, and to determine in any case of doubt whether and to what extent gold deposited for sale at the Royal Canadian Mint, or exported, is subject to the tax, and such regulations shall have the force of law as if enacted in this part.

Paragraph agreed to.

14. That any enactment founded on paragraph one shall come into force on the first day of July one thousand nine hundred and thirty-four, and any enactment founded on paragraph two shall be deemed to have come into force on the twenty-first day of May, one thousand nine hundred and thirty-four.

Paragraph agreed to.

Mr. RHODES: This is the amendment which appeared in the votes and proceedings of May 29. In order to carry out the sequence I would ask you to take up number 15 which will be found in the budget resolutions.

15. That any enactment founded on paragraphs three, four and five of this resolution shall be deemed to have come into force on the nineteenth day of April, one thousand nine hundred and thirty-four.

Paragraph agreed to.

16. That any enactment founded on paragraphs six, seven and eight of this resolution shall be deemed to have come into force on the nineteenth day of April, one thousand nine hundred and thirty-four, and to have applied to all goods mentioned therein imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for consumption for which no entry for consumption was made before that day.

[Mr. Manion.]

Paragraph agreed to.

17. That any enactment founded on paragraphs nine to thirteen B shall be deemed to have come into force on the nineteenth day of April, one thousand nine hundred and thirty-four and shall expire on the thirty-first day of May one thousand nine hundred and thirty-five.

Paragraph agreed to.

Resolution agreed to.

Mr. RHODES: I move that the committee rise, report the resolutions, and ask leave to sit again.

Resolutions reported, read the second time and concurred in.

CUSTOMS TARIFF AMENDMENT

Hon. E. N. RHODES (Minister of Finance) moved for leave to introduce Bill No. 98, to amend the customs tariff.

Motion agreed to and bill read the first time.

INCOME WAR TAX ACT

Hon. E. N. RHODES (Minister of Finance) moved for leave to introduce Bill No. 99, to amend the Income War Tax Act.

Motion agreed to and bill read the first time.

SPECIAL WAR REVENUE ACT

Hon. E. N. RHODES (Minister of Finance) moved for leave to introduce Bill No. 97, to amend the Special War Revenue Act.

Motion agreed to and bill read the first time.

TARIFF BOARD REPORT

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, I ask the consent of the house to revert to motions in order that I may table a report from the tariff board covering reference number 42, hookless fasteners, in connection with which an item was considered in committee of ways and means.

CANADIAN NATIONAL RAILWAYS

FUNDS TO MEET EXPENDITURES AND INDEBTEDNESS INCURRED DURING CALENDAR YEAR 1934

Hon. R. J. MANION (Minister of Railways and Canals) moved that the house go

into committee on Bill No. 71, respecting the Canadian National Railways and to authorize the provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1934, and to provide for the refunding of certain maturing financial obligations.

Motion agreed to and the house went into committee, Mr. MacDonald (Cape Breton) in the chair.

Sections 1 and 2 agreed to.

On section 3—Power to issue notes, for refunding and capital expenditures.

Mr. REID: Perhaps the minister will remember that last year I took up with him the matter of a contract that had been let for the transporting of cars across Burrard inlet. It was drawn to the minister's attention that the contract was exorbitant in price and that perhaps the ferry belonging to the Canadian National Railways which has been lying idle in the Fraser river might be used. Has the minister looked into that and can he give me any information?

Mr. MANION: I did look into that matter at the time and I remember well that the Canadian National Railways management explained it to me quite satisfactorily, but I am sorry I cannot give my hon. friend the details now. The management explained that from the standpoint of finances they were ahead in the method they were employing, at least to their satisfaction. I have no doubt that I have all the details in my office, and while I cannot remember them at the moment, I shall be very glad to give them to my hon. friend if he cares to bring the matter to my attention at another time.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—Power to aid other companies.

Mr. CASGRAIN: What other companies?

Mr. MANION: Any of the component parts of the system—subsidiary companies.

Section agreed to.

Sections 6 to 12 inclusive agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

74726—247½

CANADA SHIPPING ACT

The house resumed from Friday, June 8, consideration in committee of Bill No. 91, respecting shipping—Mr. Duranleau—Mr. MacDonald (Cape Breton) in the chair.

On section 2—Definitions.

Mr. CASGRAIN: Mr. Chairman, before we proceed further with this bill I should like to know what the government has decided since last Friday evening. I was not here when discussion on the bill started. As everybody can see, this is a very bulky bill. It is true that it has been considered by the Senate this year and that it has also been before a Senate committee which has gone over it very carefully, as it did also last year, but if it took the Senate all of last session and practically all of this session to be able to appreciate the contents of this bill, I think it is only fair to the members of the House of Commons that the same opportunity should be given to them. But here we are in the dying hours of the session, on the very last lap, and this bill is presented for our consideration. I do not think it is fair to ask the members of the House of Commons at this stage of the session to examine this bill carefully, clause by clause—the clauses are very numerous—and to examine all the rules and regulations and all the schedules that are attached to the bill.

But there is another reason. Although this bill was considered by the Senate last year I have been told that the Senate received many delegations from the pilotage authorities of the various districts throughout the country both this year and last. There are members of the House of Commons who would like to have some knowledge of the discussions that took place over there. Of course we cannot be expected to follow the discussions that take place in the committees of the Senate on the various bills that are later submitted for our consideration, for as hon. members will recall, this year we have had to consider in this house most important legislation, the revision of the Bank Act, which we passed only recently; the companies act, the act creating the new central bank, and many other pieces of legislation of the highest importance.

My attention has also been drawn to the fact that there are in this bill certain rules and regulations which affect the fishermen of the lower part of the province of Quebec and of the maritime provinces, and I am informed that the owners of schooners and other vessels and boats will have to pass examinations and obtain certain classified

certificates in order to operate their boats. In our part of the country and in the maritime provinces I am told that a great many of these people will be put at a great disadvantage if this bill is passed, because while most of them have been brought up to the sea a good many of them I daresay on account of their age and physical condition, the condition of their eyesight and other things, may not be able to pass the examination prescribed. If they cannot, they will be put to great expense in engaging the services of a certificated man to put in charge of the ship and the crew.

There are also in the bill certain clauses and rules and regulations which affect the pilotage district of Montreal and pilots of vessels coming from the maritime provinces and up the lakes, and especially affecting the pilots below Quebec. I am told on good authority by the assistant deputy minister, who is a very amiable and also a very responsible and competent authority in these matters, that these rules and regulations will not affect the certificates of pilots who have held their certificates for a good many years, but that they will affect the certificates of pilots in the future. This is a most important matter, and the situation of those pilots should be made clear when the bill is being discussed. I have received numerous communications, requests and petitions from the pilots of the district of Quebec concerning this very matter.

These are some features which right there stare us in the face. I am also mindful that as we proceed with the discussion of this bill other points which will come up for debate may take a considerable time. Last year when a similar bill was under consideration it was not proceeded with because of the serious contentions made in relation to it, but the government saw fit to have a measure passed to protect sailors and others employed in vessels, the pilots being supposed to be protected also. On that occasion the Minister of Marine told us that it was of paramount importance that this measure be put through in order to protect those sailors and others. Now I am told that this bill that was passed last year by the House of Commons and assented to by the Senate did not come into effect. The government was in a great hurry to have the bill passed to protect those people but it did not see fit to pass an order in council to promulgate the bill and put it into effect. Apparently, however, nobody has suffered from the measure not being put into force. The same thing will happen to the present measure, and it might just as well await its birth, origin and light of day for another year. For these reasons it might be laid over this year, as it is now nearly the end of the session. The shipping interests of the country will not suffer any harm if the passage of the bill is delayed for another year, and next session when we reconvene we shall have an opportunity to consider it and be able as members of the House of Commons and as truly representative of the people to give due and full consideration to the legislation. After five months of strenuous work as we have had it is not fair in the last days of this session to ask members to consider all the clauses of this bill and to give it the attention we would like to give, the same as we have given to other measures that have been laid before us in the last few weeks.

It is not sufficient to say that the Senate has considered the bill and reported favourably. I think it was the Minister of Justice who said the other day in connection with a bill concerning lotteries and sweepstakes that the fact that it came from the Senate was not a certain certificate, and the house did not see fit to accept the proposals contained in that measure. It is all very well to say that the Senate is the superior body over all the people in this country, but when an important matter such as shipping comes up, the House of Commons should have the right and full opportunity of discussing every clause, subclause, schedule and anything else connected with the bill so as to be able to vote on it in an intelligent manner. Consideration by the Senate is all very well in certain cases, but we should not always take it for granted that we should pass any legislation just because it comes before us with their certificate.

Last year the question of the constitutionality of this legislation arose. I was not present when the minister spoke the other day, but this bill raises many serious questions with reference to the constitutionality of the law, and I should like to have more cogent and important reasons that we should be asked to put the stamp of our approval on this bill holus-bolus as apparently the government wants us to do, I for one protest against this measure being brought before us in the last days of the session. I remember a few years ago because bills were sent by the former government to the upper chamber in the dying days of the session, the Senate refused to consider them although they had been fully considered and passed by the House of Commons.

I for one would ask the government to reconsider its decision and see whether it would

not be well to put over this bill for another year. The government would be well advised if it would have the committee report progress and not have us asked to consider this bill again this year.

Mr. MERCIER (St. Henri): Am I right in saying that the Senate has studied this measure in the past two years?

Mr. DURANLEAU: I think hon. members have followed the consideration of this bill in the Senate. As I explained when it was introduced and when I spoke on the second reading, last year a similar bill was introduced in the Senate and studied by the standing committee on banking and commerce of that chamber. When the interested parties were before that committee the point was raised as to the power of the Canadian parliament to impose certain duties on British consuls or other officials in other countries when we had perhaps no such authority. So the bill was deferred to this session and we had to arrange with the British authorities in the meantime to settle the point. That was the only question raised last year. The hon. member for Charlevoix-Saguenay (Mr. Casgrain) spoke of the constitutionality of the legislation. I do not think there is now any ground for any fear, all these points have been settled.

Mr. CASGRAIN: How were they settled?

Mr. DURANLEAU: The bill before the Senate last year had to be withdrawn. Practically the same bill with certain amendments was introduced this year, and referred to the standing committee on banking and commerce of the Senate, where in turn a subcommittee was set up, where it was studied, I suppose, during two or three weeks. It was then referred back to the full committee on banking and commerce of the Senate, where again all interested parties were heard and slight amendments incorporated in the bill on the representations made. I would refer my hon. friend to the remarks I made on the second reading of the bill as they appear in Hansard of June 8 at page 3812.

The point raised by the hon. member for Charlevoix-Saguenay that the bill should stand over was raised by some of his colleagues last Friday. It was understood then that the government would consider the matter and after having done so and owing to public opinion, we feel we are bound to proceed with the bill. Though the debate took place late last Friday, I have been receiving since then telegrams from interested parties urging the adoption of this measure. I can give my hon. friends the contents of telegrams we have so far received.

Mr. CASGRAIN: From what concerns?

Mr. DURANLEAU: I have received a telegram from the National Association of Marine Engineers of Canada, Council No. 8 of Levis, recommending the immediate adoption of this bill. They say:

> Shipping bill as passed by Senate a great improvement and greater protection to navigation in general.

I have received also a long telegram from the Shipping Federation of Canada saying:

> Reference debate House of Commons June 8 re shipping bill: This federation respectfully urges government proceed with enactment this important measure during present session of parliament. Representations from all parties interested this legislation were considered fully by Senate committee last year and again this year; consequently no interests can claim they have been overlooked or have had insufficient time submit their views. Consider any further postponement neither necessary nor in best interests shipping.

Mr. DUFF: That statement is not correct. Who signs that?

Mr. DURANLEAU: The Shipping Federation of Canada.

Mr. DUFF: Where?

Mr. DURANLEAU: Montreal.

Mr. DUFF: Oh!

Sir EUGENE FISET: Was it in answer to a telegram of your own?

Mr. DURANLEAU: Not at all. These wires have been received as a result of what they have read in the press since last Friday about the debate. The Canada Steamship Lines have also sent a long telegram urging adoption of this bill at this session. I heard my hon. friends last Friday; I heard also the hon. member for Charlevoix-Saguenay and I would say that there are not more than ten or fifteen sections of the bill affected by their statement.

Mr. DUFF: Who says that?

Mr. REID: There are twenty-five at least.

Mr. DURANLEAU: I am saying that from the debate last Friday it appears that there are not more than ten or fifteen sections on which there would be discussion or contest. All the other sections of the bill are a reproduction of our present law.

Mr. CASGRAIN: Then they are in force now.

Mr. DURANLEAU: They are in the Canada Shipping Act or the load line convention or a reproduction of the safety at sea convention. All these conventions were ratified by this house two years ago and are the law of the land to-day.

Mr. DUFF: My hon. friend says that only fifteen clauses are in dispute. I ask him if he understands from my remarks last Friday that that is the case.

Mr. DURANLEAU: I would invite my hon. friend to state the sections of the bill that he intends to oppose.

Mr. DUFF: I intend to oppose the whole bill.

Mr. DURANLEAU: Well, let us suppose so; we must proceed. We can go on clause by clause and my hon. friends will do what they think is in the public interest.

Mr. MUNN: The minister gave a list of requests he had had from different people interested. I would like to know if he has had any representations from the Pacific coast urging that this bill be proceeded with?

Mr. NEILL: Since Friday.

Mr. DURANLEAU: I do not say that I have.

Mr. MUNN: Say no, then.

Mr. DURANLEAU: Because they did not have time since last Friday—

Mr. MERCIER (St. Henri): They could wire.

Mr. DURANLEAU:—to do what the others from the east have done.

Mr. DUFF: Did my hon. friend receive any representations from the maritime provinces that this bill should be proceeded with?

Mr. DURANLEAU: I understand that all parties in Canada concerned with shipping are interested in having the shipping laws put into effect, and we have been asked every year that it be done.

Mr. MERCIER (St. Henri): It is funny.

Mr. DURANLEAU: Have the fun you want. Let us proceed, and my hon. friends will have ample opportunity to discuss any sections of the bill.

Mr. DUFF: My hon. friend has made the statement that the people of Canada are satisfied with this bill. I am asking him a definite question: Since this bill was passed by the Senate,—it was amended in a hundred different clauses by the Senate during two years and at the cost of a large amount of money in bringing a lawyer from Vancouver who did not know a codfish from a mackerel, and they had a lawyer this year who does not know whether an alewife is a fish or not,—since the bill left the Senate has the minister received any representations from the eastern provinces that the shipping and business people in those provinces are satisfied with this bill? I want a definite answer.

Mr. DURANLEAU: I can tell my hon. friend that not a single man from the east has opposed the bill that is before the house to-day.

Mr. DUFF: Because they have not seen it. And that, Mr. Chairman, is my objection. What I want is to have this bill go to the shipping and business men all over Canada, whether on the Pacific coast or in Quebec or on the great lakes or the Atlantic provinces. I say this bill should not be forced through parliament, but these people should have a chance to study it. Here we have a bill of 497 pages which nobody has seen, which I say the minister himself has not read completely—

Mr. DURANLEAU: I beg your pardon.

Mr. VENIOT: Lord help you!

Mr. DUFF: Well, perhaps the minister has read it; I must take his word for it. But I have spent a week since last Wednesday and so far have read only 74 pages out of the 497. The minister must have better knowledge than I because he has been to college and I have not, but I say that the people interested in this bill have never seen it and in the interests of the shipping and business people of this country, of the seamen and the fishermen and everyone else, I protest. It is not fair that the minister should ask that this bill be passed without due consideration.

Mr. VENIOT: Last Friday when this bill was before the house certain of us from the maritime provinces on both sides of the house made representations asking that for certain reasons which we considered important this bill should not be proceeded with. It was then suggested, I think by the Minister of Finance (Mr. Rhodes), that in order to get the bill moving, one section or subsection should be adopted, and then the government would take time to consider whether they should proceed with the bill or on the request of representatives from the maritime provinces withdraw it till next session. Evidently the government has now decided to proceed. In order to justify that action the minister tells this committee that since last Friday he has received from various sources telegrams

asking that this bill be proceeded with immediately. I gather that he has received a telegram from the National Association of Marine Engineers of Canada, Levis section. Assume that it be from all the marine engineers of Canada, I do not care what section it comes from or the number, can the minister point out anything in this bill protecting the marine engineers that was not in the old act? He cannot do it. Therefore why should the marine engineers be in such a hurry to have this bill go through? The marine engineers' association of Canada looks after the interests of marine engineers, but we find in this bill section upon section that affects one of the largest industries in Canada, the fishing industry. Has the minister any representations from the fishermen's associations in the maritime provinces asking him to put the bill through in its present form? He cannot produce one line. Let me go further, and I am very earnest in this because I see the danger of almost absolute ruin to certain branches of our fishing industry if this bill goes through.

Mr. BENNETT: Why?

Mr. VENIOT: I will tell you in a moment. If it goes through in its present form it will impose conditions on the fishing industry of this country with which they cannot comply.

Mr. DURANLEAU: What sections?

Mr. VENIOT: There are many sections. If we are forced to go on with this bill I will endeavour to have those sections amended, but what is the position of any representative of the fishing districts of the maritime provinces to-day, when we have not had an opportunity of consulting with our people, of laying this bill before them, of discussing the dangers they may see and their opinions as to the remedies to be proposed? We are not in a position to consider the bill. If you force us to go on with this bill you force us to attempt to carry out what we believe is in the best interests of the fishing industry, but even with the knowledge we have of that industry we may do an injustice to our people. That is why I feel so strongly in the matter.

The other reason mentioned by the minister had to do with a telegram received from the Shipping Federation of Canada, who, the minister told the committee, represent all interests. They do not. The interests represented by that association from whom the minister received his information are principally the deep water interests, those concerned with communication between Canada and foreign countries and those engaged on the lakes, which are international waters to some extent. They have no authority to represent or speak for the men engaged in the fishing industry in this country, and that is another reason why we do not desire to proceed with this bill. The minister also says the Senate has considered the bill and that all interests were represented before the Senate committee. He read a telegram something to this effect, "In view of the fact that all interests were represented before the Senate this bill should go through." I say that telegram is a lie. It states that all interests were represented before the Senate, but neither the minister nor anyone else can show that one single interest connected with the fishing industry was represented before the committee of the Senate. Therefore why force us to go on with this bill this session when I am convinced that no interest will suffer if it is put off? I am firmly of the opinion, however, that if it is put through in its present form very large interests will be detrimentally affected, and the Lord only knows what the end may be.

Mr. HACKETT: Mr. Chairman, I was before the Senate committee for a number of days following this bill while the hearings were going on. I shall not attempt to enumerate the interests represented there, but many interests were represented and many witnesses were heard. During the time I was there, which included the better part of a week, I thought the bill received very careful attention, especially from a large body of men from the eastern provinces.

Mr. DUFF: Who were they?

Mr. HACKETT: The senators who come from the east. To the onlooker they gave the impression that they were not only deeply interested in the work which has been going on there for some three years, I think, but that they were intimately acquainted with it. Furthermore I noticed that the great majority of the sections are non-controversial. A great many of them deal with treaties; a great many of them are lifted out of the old act, and a large portion of the time spent on these sections was devoted to their arrangement, deciding the sequence in which they should appear, rather than in dealing with the purport of any particular sections.

I thought the house might be interested to know the impression obtained by one who followed the proceedings of that committee very carefully. In the heated state of mind in which some hon. gentlemen seem to be

I do not know whether they would care to proceed with the consideration of the bill, but I think if they attempt that course they will find that the controversial sections are very few and a long way apart.

Mr. BENNETT: The government proposes to proceed with this bill. It has been twice before the Senate, it has received more consideration than any bill that has come before parliament for a very long time. It has been given more attention in detail than any measure that has been in either house for a very long period. It is the result of much effort in which the former Minister of Justice (Mr. Lapointe) participated in 1929 in London, in directing the general principles that should govern this legislation. The bill was drafted, considered by experts, redrafted and considered in committee.

Mr. DUFF: Who were the experts, please?

Mr. BENNETT: They were the gentlemen responsible for its legal provisions. The representatives of the various interests concerned made their statement before the committee. If there are very controversial sections in the bill they can stand as we proceed, and if the amendments suggested by hon. gentlemen opposite are such as appear to be in the public interest we shall be very glad indeed to adopt them. I trust that the hon. member for Gloucester (Mr. Veniot) will recall the observations made by his distinguished leader a few days ago with respect to the duties of a member of parliament. In the light of that statement I am sure he will find some difficulty in accommodating his views as expressed this afternoon to those of his honoured leader.

We desire to proceed with the bill for the reasons I have given. We believe it is in the public interest, which is the paramount interest. If individuals find it inconvenient to particular interests we will always consider the public interest and the particular private interest affected, but the public interest must prevail. With that principle in mind we will proceed with the discussion of the bill.

Mr. VENIOT: I did not intend to speak again, but since the Prime Minister has lectured me on my duties as a member I feel that I should make some reply to his remarks. It is true my right hon. leader did refer to the duties a member owes not only to himself but to the country as a whole. I do not need either my right hon. leader or the right hon. leader of the government to teach me any lessons in that regard. I have been long enough in public life to know the duty I owe to my constituents and to the public at large.

[Mr. Hackett.]

This afternoon I am not pleading for my constituents, but I am pleading on behalf of one of the largest industries in Canada. I am speaking for the fishing industry on the Atlantic and Pacific coasts, and I am backed by representatives from those districts of our dominion. That industry, to my mind, is paramount to any protection this law may afford in connection with deep sea sailing, or the protection of engineers and captains of deep sea vessels. Therefore my opposition to the bill is not parochial. I have in mind the duty which, as a member of the House of Commons, I owe to all sections of Canada. As the principle has been laid down that the lesser must give in, for the benefit of the larger, may I say that to-day I am pleading on behalf of the larger. I am pleading on behalf of the fishing industry of Canada, as compared with the lesser interests of engineers and captains of vessels running from one country to the other. Under this legislation they are fully protected, and they were fully protected under the old legislation. There is no amendment in the new bill which affords protection contrary to that which was given them under the British act, the measure under which we have been operating since 1867. But in the adoption of the present measure as it stands an injustice would be perpetrated against one of the greatest industries in Canada, and as a member of the House of Commons with a full knowledge of my duty to my country and to myself I am pleading on behalf of that great industry, and against the smaller interests connected with marine engineers and deep sea captains.

Mr. LAPOINTE: I regret that this very voluminous document which is of such great importance should be placed before the house at this time, and that at this late hour of the session we should be asked to study it. Hon. members know that we cannot stay here all summer. If, as the hon. member for Stanstead (Mr. Hackett) has said, the other chamber studied the measure for three years, surely that is sufficient indication as to the importance of and the difficulties in connection with the measure. I agree entirely with the Prime Minister (Mr. Bennett) as to the advisability of a revision of the shipping act; it must be done. So far as the constitutional point raised by the hon. member for Charlevoix-Saguenay (Mr. Casgrain) is concerned, I must say that I am of the opinion his fears are not well founded. I think however it is not fair at this late hour of the session to ask hon. members of the House of Commons to consider the bill. It is the result

of much work, as the Prime Minister and Minister of Marine have said. Undoubtedly it is a good thing that public business should originate in the Senate, but the fact remains that the country is not used to that procedure, and as a result the proceedings of the Senate are not followed as closely or as attentively as those of the House of Commons. With the exception of those hon. members who have been peculiarly interested in the measure, the country as a whole has certainly not become familiar with it.

Mr. DUFF: They have not had a chance.

Mr. LAPOINTE: On the whole I must agree with hon. members who have said it would be better to give the people of Canada an opportunity to become better acquainted with the bill before we undertake to proceed with it.

The CHAIRMAN (Mr. MacDonald, Cape Breton): We are on section 2 of the bill, and I notice that in this section there are 113 subsections. Does the committee wish me to read every one of them?

Mr. DUFF: Yes, if it is necessary, but I should like to call it six o'clock.

At six o'clock the speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

CANADA SHIPPING ACT

The house resumed consideration in committee of Bill No. 91, respecting shipping—Mr. Duranleau—Mr. Smith (Cumberland) in the chair.

On section 2, subsection 2—"The Admiralty."

Mr. REID: This is a new bill and it contains all the regulations pertaining to the hiring and dismissal of seamen, to hospitals and to all that which concerns the lives of the men on board ship. Would the minister be good enough to tell me if any personal representations were made before the Senate by representatives of the seamen or seamen's institutes?

Hon. ALFRED DURANLEAU (Minister of Marine): From the west coast?

Mr. REID: From anywhere, but particularly from the Pacific coast.

Mr. DURANLEAU: The proceedings of the committee of the Senate were not reported, but I am informed that no representations were made by the seamen on the west coast.

Mr. MERCIER (St. Henri): Were representations made to the department by navigation or other organizations in Montreal?

Mr. BENNETT: What has that to do with it? The government is assuming responsibility for the bill.

Mr. DURANLEAU: For two or three years representations have been made, both verbally and in writing, to myself and my officials by different shipping associations and navigation interests. In drafting this bill with the assistance of the officials of the Department of Justice, the officials of my department have taken into consideration all the representations received.

Mr. DUFF: What representations were made?

Mr. BENNETT: I do not think the representations which have been made should be the subject matter of inquiry in this matter. The government assumes full responsibility for the introduction of this bill, which arises from the conferences of 1926 and 1929. This bill is the result of what took place in London in 1929 and is one of the legacies which we inherited. For three years we have been endeavouring to give effect to it, and this is now the fourth year.

Mr. DUFF: I do not think it is ncessary for the Prime Minister (Mr. Bennett) to intervene in this matter. Why does he not go back to mid-Victorian days, to the day of George I or to some time a thousand years ago? I think I am quite in order in asking this question of the Minister of Marine, and I do not think the Prime Minister had any right to interject what he did a moment ago. I have asked the minister if he has received certain representations in connection with this bill and I would like to know what they are. I contend that the fishing and shipping interests of this country are opposed to this bill. They do not know what it is, because they have not seen it, and we are now being asked to pass it in the dying days of the session. It came over from the Senate only five days ago, and I think the people of this country should have an opportunity to study it and decide whether it is right or wrong.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the subsection carry?

Mr. DUFF: No, the minister cannot answer, that is the trouble; he does not know.

Mr. DURANLEAU: I told the committee that for the past two or three years representations have been made to my officials and to myself. Surely my hon. friend is not serious when he asks me to give him the particulars of the representations made. Different associations have made representations in connection with the sections in which they are interested, and as we proceed with the bill and reach the sections in connection with which representations were made, I will give my hon. friend what he asks for if I am in position to do so. But I do not think it is fair to put the question in that way when we are dealing with subsection 2 of section 2, which concerns definitions.

Mr. DUFF: Certainly it is proper for the minister in charge of this bill to tell us what is the object of the bill and what result it is going to have. This is a bill of 497 pages; it has 719 sections, it has 113 definitions and there are 224 pages of schedules. Surely the minister does not expect us to pass this bill when it has been before us for only four or five days. It is all right for the Prime Minister to want to close up this parliament in a few days, and I appreciate that, but—

Mr. BENNETT: I am perfectly indifferent to that.

Mr. DUFF: I beg your pardon?

Mr. BENNETT: I am perfectly willing to stay all summer.

Mr. DUFF: All right, if you cannot go to have a holiday, neither can I, and we will stay. The Prime Minister and I agree that we will stay here until September. But even if we do stay until September, it is not fair that a bill of 497 pages, drafted by a lawyer from Vancouver, an honourable member in another place, in whose name the bill appears but who does not know a codfish from a haddock or an alewife from a hake, should be passed so quickly. This bill was sent here a week ago, and surely the Prime Minister does not expect us to pass it in a few days. Let us be fair about this thing. This bill means a lot to every man, woman and child in the maritime provinces, on the great lakes and on the Pacific coast. Surely the Prime Minister does not expect us to pass this bill in the few minutes taken by the Senate to pass it. Does the Prime Minister want us to do that? Has the Prime Minister read this bill? No, of course he has not. No one else has read it. I have been studying it for a week but how far have I got? Seventy-four pages out of 497. Has the Prime Minister read one page? Has the Minister of Justice read two pages? Has the Minister of Trade and Commerce read ten pages? Has the Minister of Railways read fifteen pages? No. And yet the Prime Minister comes in here to-night and wants us to pass this bill in bulk, without giving it any consideration. Don't consult the fishermen or the sailors on the Atlantic coast or the Pacific coast; don't consult the men on the great lakes; just let us put this bill through so that we can get clear of parliament in a few days. I say, Mr. Chairman, that that is not fair. It has taken the Senate two years to pass this—I will not call it an amalgamated bill—what is it? It is a posthumous bill. It was conceived in sin and born in iniquity, and the Prime Minister wants us now to pass it without the opportunity for consideration. Surely he does not really want to do that, for he does not know what it is all about; he has not read the bill. There are hundreds of clauses in this bill which nobody has seen. The Prime Minister has not read them, and because the Senate passed the bill in three minutes, as they did a week ago, the Prime Minister now wants us to put this bill through. It is true that the bill was considered by a committee of the Senate, but who gave this bill to the Senate? A lawyer from Vancouver and a lawyer from Ottawa. Here is a bill, Mr. Chairman, which deals with the lives and the property of every business man on the Atlantic coast, on the Pacific coast and on the St. Lawrence. Surely the Prime Minister does not want us to put it through in such a hurry.

Let us be fair about this thing. Nobody will suffer if this bill goes over until another session. Nobody will be hurt. The seamen, the masters and the mates and everybody else concerned are not complaining. The Minister of Marine cannot show me one telegram or letter from anybody interested in the business life of this country who wants this bill passed at this session. Why, then, should the Prime Minister or the Minister of Marine want us to pass this bill now? Let it stand over for another session so that the shipping men and the business men can look it over, instead of rushing it through in the dying days of this session.

The Prime Minister says that we can sit here till September. Of course we can, but I would not want the Prime Minister with all his troubles and worries to have to face parliament for another two months. I would give him Wednesday nights off.

Here is an important bill of 497 pages, a bill which affects the shipping people and the business men of this country, and yet the

[The Chairman.]

Prime Minister says: You must pass this bill before parliament prorogues. I say, Mr. Chairman, that before we proceed to do that, the Minister of Marine must give us reasons why this bill is introduced at this stage of the session. Let him tell us what he knows about it. The Minister of Marine cannot give any good reason why this bill is introduced at this moment. I say that with a bill like this, which has not been before the shipping industry of this country, which has not been before the ship owners and before the business men who are interested in shipping, there is only one thing to do, and that is to ask that this committee rise, and say that this bill should not pass now.

The CHAIRMAN (Mr. Smith, Cumberland): I would respectfully draw the attention of the committee to paragraph 2 of rule 58, which reads:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

We are on subsection 2 of section 2 of this bill. It seems to me that the discussion has travelled very far afield, and I would ask hon. gentlemen to stick a little more closely to the section.

Mr. REID: Mr. Chairman, when the bill came up for discussion on Friday evening, the very first clause was allowed to stand without discussion on the understanding that we proceed to section 2 and that then the committee would rise. It was the understanding of the committee that when the bill again came up hon. members would be allowed very considerable latitude on this section. It was the Minister of Finance, I think, who suggested that the committee should rise after calling section 2.

The CHAIRMAN: I have no objection. I am in the hands of the committee.

Mr. VENIOT: When the bill was up for second reading, Mr. Chairman, there was no discussion upon it because it was understood that we would have a general discussion in committee, not confining ourselves to any particular section of the bill. Otherwise there would have been a lengthy discussion on the second reading.

Mr. HANSON (York-Sunbury): I would like to ask, so as to clarify the position, how many sections of this bill are reenactments of the Merchant Shipping Act, how many are reenactments of sections from the revised statutes of Canada, and how many are new sections. It seems to me that there are very few new sections, but I do agree that some of those are worthy of very careful consideration.

Mr. DURANLEAU: For the information of the committee, during the recess I counted the new dispositions in the bill and I find that there are exactly seventy new enactments, sections and parts of sections. There may be in all about thirty or thirty-five new sections. The whole bill is a reproduction of the Merchant Shipping Act of 1894, a reproduction of the Canada Shipping Act, and a reproduction of the conventions which have been the law of the land since 1931, when the load line convention and the international convention for safety of life at sea were approved by this parliament. There are from thirty to thirty-five new sections in all. That is why I said to my hon. friends on Friday evening that if they would take the trouble over the week-end to look over the bill they would find that there were not many controversial sections. I am sure, Mr. Chairman, that as we proceed to study the different sections my hon. friends will very shortly come to the conclusion that there is not so much to discuss.

Mr. DUFF: It is very nice of my hon. friend the Minister of Marine to say that I should have spent the week-end in trying to arrive at a conclusion with regard to this bill, but evidently he does not appreciate the seriousness of the situation. My hon. friend from York-Sunbury (Mr. Hanson) asks what new clauses there are in the bill. Let me say to him that the trouble with this bill is that the Marine department are back in the mid-Victorian era. They do not realize what has happened in the last thirty years. This bill is a composite bill drafted by certain officials in the Marine department, with the assistance of somebody else—I do not know who it is—who does not appreciate present conditions. If my hon. friend from York-Sunbury, who asked a question, will listen to me, I say that this is a composite bill drafted by somebody, first by a lawyer from Vancouver who perhaps deserved the money that the government paid him—he spent a year on it—and then by another lawyer. And what did they give him? A bill which is absolutely opposed to the business interests of the people of this country, to the interests of the fishing industry and of the marine industry. This bill takes us back to 1896 and 1906. I do not think the Prime Minister should be asked to father this bill or to say that he knows something about it. He does not. He is a lawyer from Calgary and my hon. friend opposite is a lawyer from York-Sunbury. But surely my hon. friend from Pictou (Mr. Cantley) and my hon. friend from Inverness Mr. Mac-

dougall) and others who go down to the sea in ships and do business on the great waters should be allowed to express their views, and I think our views should be taken into consideration by this government. I would be delighted, if this bill were right, that the house should pass it in bulk just as the Senate did in three minutes. But I say to my hon. friend from York-Sunbury that this bill, this illegitimate child of somebody, for that is what it is to those who have had a chance to study it, is not in the interests of the shipping industry or of the business men of this country. Has my hon. friend from Pictou had a chance to go over the 497 pages of this bill? Has my hon. friend from Inverness read the 719 clauses of this bill?

Mr. MACDOUGALL: I have read all the sections of the bill and I want to say that I do not see any section that prejudices the interests of the fishermen.

Mr. DUFF: I am delighted that my hon. friend is such a strong supporter of this government that he will say that, but I want to say to him that if he and the government will take the responsibility for this bill, if he wants to see every fisherman and every mariner thrown on the beach—

Mr. MACDOUGALL: How do you make that out?

Mr. DUFF: That is what will happen. My hon. friend does not know; that is the trouble. Under this bill every fisherman in a boat of five ton registry must have a certificate; every marine captain, every man who sails a fishing vessel or a freighter must have a certificate under this foolish, crazy bill, because that is what it is. If my hon. friend and the government want to take that responsibility, of course I shall lose perhaps $20,000 or $50,000 or $100,000. All right, I can stand that. If my hon. friend wants to be defeated in the next election I shall be willing to sit down right now and pass the bill en bloc.

Mr. BAKER: O. K.

Mr. DUFF: Yes, what does the hon. member who comes from Toronto care? He was never seasick in his life.

Mr. BAKER: I have travelled hundreds and thousands of miles on the sea and have never been seasick.

Mr. DUFF: The hon. member must have had a good remedy for seasickness. He must have used Mothersill's. This is a serious matter. This bill contains 497 pages; it has been two years in the Senate and it embodies all the ideas of the Marine department. Of course I admit that the practical men in the Marine department were never consulted about it; the minister cannot deny that.

An hon. MEMBER: Are there any there?

Mr. DUFF: Yes, there is Captain Dixon. Was he consulted about this bill? Was Captain Robertson consulted about this bill? No.

Mr. DURANLEAU: Does my hon. friend know Captain Dixon appeared before the Senate committee and gave all his views on this bill?

Mr. DUFF: My information is that Captain Dixon was not consulted and that Captain Robertson, another practical man in my hon. friend's department, went before the Senate committee on the advice and at the instigation of one of the senators and was refused permission to give information and evidence.

Mr. DURANLEAU: I think my hon. friend is wrong.

Mr. DUFF: I am not wrong. I am right.

Mr. DURANLEAU: He is misinformed.

Mr. STITT (Selkirk): I would like to direct the attention of the hon. member for Antigonish-Guysborough to the fact that I represent a few fishermen in my riding and I took the opportunity to go before the committee of the upper house. I was there afforded a wonderful hearing and was enabled by their assistance, without the matter being fought on party lines, to have the bill amended in the interests of my fishermen. It seems to me that there is no cogency in the argument advanced this evening by the hon. member who has just spoken. I am only a junior member of this house while he has been here for many years. As I was interested in the fishermen of my riding I got into touch with the department; I learned that the bill was going through the upper house; I got into touch with the chairman; I was invited to appear before the committee of that body and they were very careful in regard to every provision of the legislation. The Senate is not a hundred miles from this House of Commons, and when any man says in this chamber that he had no opportunity to go before that body he is saying what is not true and is really convicting himself of a neglect of duty.

Mr. DUFF: Of course I do not mind my hon. friend saying that anything I have said is not true; that is only what I would expect

from him. But I would like him to tell me what he did before the Senate committee, what clauses he got amended and what clauses that he advocated are in this bill?

Mr. STITT (Selkirk): I got clause 122, paragraph (b) amended, and I got the right of my fishermen to apply for licences to operate their vessels on the waters of lake Winnipeg. I was assisted in that by members of both parties in the upper house. While I am on my feet I want to thank the upper house for the consideration they gave me. I was also present when representatives of labour were there. I believe Captain Robertson's name was mentioned this evening. He sat beside me in the Senate committee.

Mr. VENIOT: Did he give evidence?

Mr. STITT (Selkirk): Representations were made by organizations from the western coast, from Vancouver and, in fact, the Senate committee was working on May 24 when most of us were away on a holiday. I cannot speak too highly of the businesslike way in which the bill was handled and the free invitation and opportunity given to everybody who wanted to appear.

Mr. LAPOINTE: Does my hon. friend not believe it is in this house that he ought to present the case of his electors?

Mr. STITT (Selkirk): I believe it is in either house when I am given an opportunity to present a case. As an advocate the ex-Minister of Justice ought to know that in any forum in which it is possible for him to appear he should take the opportunity to embrace that privilege.

Mr. LAPOINTE: Those of us who were busy before committees could not go there.

Mr. DUFF: My hon. friend said that due to the fact that he went before another committee in another place he arranged with that committee that clause 122 should be as it appears in this bill. I am going to read clause 122 to show the committee—

Mr. STITT (Selkirk): Paragraph (b).

Mr. DUFF: I know my hon. friend is a good member of the house and wants to do his duty by his constituency, but listen to this: this is clause 122, subclause 1:

The minister upon the report of an examiner of masters and mates—

Are there any on Lake Winnipeg?

Mr. STITT (Selkirk): Yes, quite a few. Lake Winnipeg is larger than lake Ontario.

Mr. DUFF: I will ask the Prime Minister: Are there any masters on lake Winnipeg?

Mr. BENNETT: There are masters of steamers on lake Winnipeg anyway.

Mr. DUFF: The right hon. member means tugboats.

Mr. BENNETT: No, passenger boats.

Mr. DUFF: All right—of small tonnage.

The minister upon the report of an examiner of masters and mates, and upon payment of a fee of five dollars, may grant a temporary certificate as master to an applicant sufficiently qualified by his knowledge and experience to take charge of—(a) a steamship—

Listen to this, Mr. Prime Minister:

—of not more than twenty tons gross tonnage.

Is that a steamship? Would he like to cross the Atlantic in one? Would he like to go to the orient in one? Would he like to go anywhere in a steamship of twenty tons gross tonnage?

Mr. HANSON (York-Sunbury): That is a ship plying in minor waters.

Mr. DUFF: Yes, perhaps it is minor, but the Prime Minister butted into this thing; he butts in when he should allow the Minister of Marine to deal with the matter.

(a) a steamship of not more than twenty tons gross tonnage, and certificated to carry not more than twelve passengers, plying within specified limits on the minor waters of Canada.

(b) A steamship of not more than thirty-five tons gross tonnage employed in fishing operations—

Listen to this:

—(including the carrying of fishermen, their wives and children, and fish and fishing supplies used in connection with their operations) plying within specified limits on the inland waters of Canada.

2. The certificate shall describe such steamship and limits. It may be issued for any term not exceeding one year, but may be suspended or cancelled for cause by the minister.

Mr. HANSON (York-Sunbury): That is all on the statute now.

Mr. DUFF: I am reading the statute or the bill. The hon. member for Selkirk said that he did something in the Senate. I would like to know what he did. Will the hon. member please tell us—and perhaps the Prime Minister will elaborate on this—what happened in the Senate in regard to this clause.

Mr. BENNETT: I am going to make only a very few observations, but I should like to direct the attention of the committee to the fact that this bill is a codification of existing

legislation with such additional clauses as changed conditions between the enactment of the original legislation and its modifications and to-day make necessary. I hear hon. gentlemen talk about the schedules. There are 272 pages of the bill. The first schedule represents the agreement reached at the international Geneva conference which was signed by the late Albert Thomas, director of the International Labour Office, and the late Lord Burnham. That is a matter to which this country gave its approval. The third schedule is the convention concerning the repatriation of seamen, and that too is an international agreement which this country has accepted. This was done in July, 1926, while hon. gentlemen opposite were in power. It is signed by Lord Burnham and Mr. Thomas, late director of the International Labour office, at Geneva. Those two schedules, to both of which this country became a party in July, 1926, are embodied in this bill in accordance with the understanding arrived at that the bill was to contain those provisions.

Then we pass to the fourth schedule which was accepted in 1929 while hon. gentlemen opposite were still in power and Canada was represented, as will be found at page 290, as follows:

The government of Canada:
Mr. Alexander Johnston, Deputy Minister of Marine.
Mr. Lucien Pacaud, secretary in the office of the Canadian High Commissioner in London.

That is the fourth schedule, and it was ratified by parliament last year or the year before.

Mr. VENIOT: Put into effect.

Mr. BENNETT: It was ratified; it became binding on this dominion. All the clauses do not become effective until the shipping bill is passed. If hon. members follow through the pages they will find all these matters that the house has already ratified or dealt with are in schedule 4. The articles in that schedule number in all sixty-six and the signatures are on pages 324 and 325, our country's signatures being those of Mr. Johnston and Mr. Pacaud.

Then we come to the regulations issued under that schedule. All these regulations are matters that this house considered and accepted. They are in their very nature technical; they represent an international understanding or agreement. They are not matters that we are enacting for the first time, but they represent, as I have said, an accord or understanding reached between the various countries. For instance, there are the questions of safety at sea and matters of that kind, the form of certificates that are to be issued. On page 373 will be found the second annex dealing with collisions at sea.

Mr. DUFF: Are these not part of this measure?

Mr. BENNETT: All that has already been accepted by this house.

Mr. DUFF: Are they not part of this measure?

Mr. BENNETT: As a matter of fact the sound signals and matters of that kind are also dealt with in this article. Then you come to the fifth schedule, page 389. In that instance the government of Canada was represented again by Alexander Johnston, deputy minister of Marine. The convention was arrived at in 1930; some hon. members will recall the circumstances in which it was dealt with. That is the load line convention. This house accepted these regulations as international arrangements for the safety of those who travel at sea.

Therefore from page 272 to the end there is nothing that this house has not already accepted. As a matter of fact we are bound internationally by it. Some of the arrangements were made by former administrations, in fact I think it is only fair to say practically all of them; but the regulations were made in part by this administration, as was the duty of this government after they had been agreed to by our representatives. My memory is that the load line convention was agreed to only last year or two years ago.

Now we come to the main part of the bill. It is needless to say that the shipping bill that is the common property of all British peoples was the original shipping act enacted at Westminster. Our shipping act came at a later time and was a modification of that act to the extent necessary to meet our changed conditions. Then when the statute of Westminster was agreed upon, before it had been enacted in fact, in 1926 my hon. friend the former Minister of Justice (Mr. Lapointe) the Under Secretary for External Affairs, and others including Mr. Read, the counsel of the Department of External Affairs, and Mr. Burchell, of Halifax, met in London and arrived at certain conclusions affecting shipping and other matters. In 1931 the statute of Westminster was enacted. Then it became essential that we should deal with our own shipping act. We did so. It stood. It was considered in the Senate. It stood over. Again it was introduced in the early part of this session and was considered

with great attention and care. Now what is it? In the main it is a codification of existing legislation, modified by the circumstances to which I have briefly referred. Take the section we are now dealing with, definitions. Is it meet and seemly that this House of Commons should be listening to what we have listened to with respect to this section? This section in the main, with one or two exceptions, has been in force in this country ever since we have had a shipping law.

Mr. VENIOT: Will the right hon. gentleman give the sections that have been changed?

Mr. BENNETT: They are shown in the bill. I am just coming to that. In order that there might be no difficulty in dealing with this matter we have asked that the origin of the sections should be indicated on the page opposite the printed text. It will be found that in respect to the first section, for instance, attention is directed to the fact that that is section 1, chapter 186, of the revised statutes of Canada.

Now an hon. member has suggested that I have not read the bill. Those of us who attended Dalhousie university will remember the lectures on shipping given by the late Mr. Justice Newcombe, in which we learned that the foundation and basis of Canadian shipping law was the Merchant Shipping Act subsequently embodied in chapter 186 of the revised statutes of Canada.

Mr. DUFF: That is twenty years ago.

Mr. NEILL: Section 1 deals only with the title.

Mr. BENNETT: Certainly, but what I am pointing out is that the definitions have to be modified by reason of changed conditions.

Mr. NEILL: And the reference is not given on the opposite page.

Mr. BENNETT: No, because you could not give a reference to all the definitions; you would have to travel over a very wide radius.

Mr. VENIOT: May I interrupt?

Mr. BENNETT: Certainly.

Mr. VENIOT: In this section there is nothing given on the opposite page to show its origin.

Mr. BENNETT: No, because as I pointed out these are modifications of existing definitions that run through all these acts. In the very nature of things a definitive section can never be said to be already in existence.

Mr. VENIOT: My strongest objection is to some of these definitions.

Mr. DUFF: You are going back to the mid-Victorian era.

Mr. BENNETT: As I said this afternoon, if there is any difficulty in determining whether a definition is adequate, all that has to be done is for hon. gentlemen to say so and that subsection can stand until we have further opportunity to consider it.

That is with regard to the definitions. Now let us commence at part I, of which several of the sections are new. In the very nature of things that must be so, because the changed legislative conditions that have been brought about by our change in status necessitated somewhat different language being employed. Then you have the Merchant Shipping Act, upon which we drew liberally. As everyone knows the effort is to have uniform shipping acts throughout the British Empire, so far as that may be possible.

Mr. DUFF: It cannot be done.

Mr. BENNETT: The provisions are given from which these sections are drawn; you have in every instance a statement of what is new, and if there is any difficulty it is only necessary to state what the difficulty is and it will be dealt with. That is the position. I think in all there are about seventy sections either wholly or partially new, but the arrangement of the sections of course is entirely different in many instances to what it was before, and the grouping and consolidation of sections has been brought about in a manner that it is believed is an improvement as compared with conditions that did exist.

There is nothing difficult or abstruse about this bill except with respect to those matters about which there may be honest differences of opinion. I am not given to suggesting what other men may or may not have done, whether they may or may not have read particular statutes. It is easy to read and not understand; it is easy to read and not be capable of understanding, and there are complicated matters of law—

Mr. DUFF: That means me.

Mr. BENNETT: I am not suggesting that it has reference to anyone; I am merely pointing out the fact. Some of these sections have been the subject matter of litigation, and presumably some of them will continue to be such. As I have said, it may be found that there are some differences of opinion with respect to the new sections, but if there are such differences we shall endeavour to

meet the will of the committee in every reasonable way. If arguments are adduced that indicate there should be some changes made, those changes will be made. To use language that has been used already, the effort is not being made to jam through legislation; rather we are endeavouring to discharge a duty which we owe to the other dominions as well as to ourselves, to get this legislation as perfect as possible in order that there may be some degree of uniformity in shipping legislation having to do with ships that are protected at sea under the British flag. That is the position we are endeavouring to establish. I use the words "British flag" in their broad sense. It may be the mercantile flag of Canada in one case, the flag of the United Kingdom in another, the flag of Australia or of New Zealand in still another.

I do suggest to the committee that it is hardly consonant with our idea of parliament to be talking about sections that we have not yet reached and to be denouncing definitions we have not yet considered. We must remember that parliament has already passed some two hundred pages of this legislation in the form of conventions in respect to which we sent our representatives to the nations of the world to sign the name of Canada. This parliament subsequently approved those conventions, and we are now endeavouring to give effect to our international word of honour. That is the position.

Mr. DUFF: The Prime Minister admitted that there were seventy sections in this bill which the committee should consider. I am very much afraid that the Prime Minister is back not in the mid-Victorian regime but in the Dalhousie regime of thirty years ago, and that is where the Department of Marine is. This bill is based on a bill which was passed in this country in 1906. The Minister of Marine and the officials who drafted this bill did not know anything about conditions as they are to-day or they never would have included certain clauses that appear in the bill. I can understand, of course, the Prime Minister realizing and appreciating the fact that in the interests of the empire and of everybody else we should try to pass a shipping bill. No one objects to that. I think my right hon. friend will say this much for me, that I am as anxious as he is to have a proper shipping bill in this country, but the trouble is with his Department of Marine.

In this bill we have many clauses from the Merchant Shipping Act of Great Britain, which are not applicable to Canada, together with the old clauses of the 1906 bill, which are twenty years behind the times. Who drew this bill? What man in Canada who knows shipping as it is to-day helped to draft this bill? Will the Minister of Marine tell me that? Is there any man who knows what the shipping business means to this country who helped draft this bill? The Minister of Marine cannot answer that question. I say this bill is a conglomeration, a composite of the Merchant Shipping Act of Great Britain and a bill we had in this country twenty years ago. The Minister of Marine must get up to date. In addition to the seventy clauses the Prime Minister admitted were wrong, which must be amended—

Mr. BENNETT: I did not admit that anything was wrong. The hon. gentleman surely must have heard what I said.

Mr. DUFF: I did.

Mr. BENNETT: I did not say that.

Mr. DUFF: Did not the Prime Minister say there were seventy clauses which might be amended?

Mr. BENNETT: It is open to this committee to amend any clause. I said there were seventy clauses wholly or partially new. The clauses wholly and partially new number about seventy. I am not pretending to give the figure exactly; it may be more or less by two or three, but I think there are thirty-seven of one and thirty-three of the other. It is competent for this committee, of course, to amend them all, but I did not admit that any was wrong. If I had thought so I would have said so at once. I know of none that is wrong.

Mr. DUFF: Well, the Prime Minister is agreeing with me, except that we do not use the same language. All I said was that all the clauses, except the seventy, were passed in this house in 1906, which was twenty-eight years ago. Surely the Prime Minister must realize that conditions in this country have changed in twenty-eight years. It is all right for somebody down in the marine department who has handled lumber over in Hull or someone who knows nothing about shipping to say that this legislation is all right. They never consulted any man interested in shipping, to have him appear before the Senate committee. I know the Prime Minister, who is interested in this country, will never get up and say that this bill, this monstrosity covering 497 pages, should pass this parliament without the people who are interested in it having something to say about it. Has the Minister of Marine given us any reason

why this bill should pass? He has not. He read from a telegram from some association in Levis, Quebec. What do they know about this bill? Has the minister consulted the mariners of Nova Scotia, Prince Edward Island or New Brunswick? Has he consulted the captains or mates of Quebec? Has he heard from them? Has he heard from the mariners on the Pacific coast or on the great lakes? He has not, yet here is a bill which took two and a half years in another place. And here is what they got—497 pages of nothing; that is what it is—nothing. They bring it down here on the eighth day of June and, as the Minister of Marine has said, they expect me to read this bill on a Sunday morning, when I should go to the Presbyterian church.

Mr. MANION: Do you go to church?

Mr. DUFF: I say to the Minister of Marine that the bill is not fair to the Canadian people. Let him send it to the board of trade of Halifax; let him send it to the board of trade of Yarmouth; let him send it to the board of trade of Lunenburg, or to the board of trade of any other part of the country—Montreal, Quebec, Prince Rupert, or anywhere else; let him send it to those boards of trade; let him ask what they think of this conglomerate bill which does not mean anything, and which will put every mariner who now sails a ship out of business and out on the beach. Is that the object of the bill? Surely the Prime Minister does not wish to do that. With all his faults—and I admit that he has not many—he surely does not want to put the fishermen sailing boats over five tons out on the beach. Does he wish to say to a man who without a certificate has sailed a vessel for the last thirty or forty years, "You cannot sail this vessel any more"? If that man does not sail her, who will sail her? Will the Prime Minister go down and take charge of her? I think quite possibly he could pass the eye test—I know I could not, and the skipper could not. Surely the Prime Minister does not wish to have that condition.

I say this bill could very well stand over until next year, and if at that time the mariners, captains, mates and sailors say there is nothing wrong with it, and if the boards of trade say it is all right, I will be the first man to get up in my place and say, "Mr. Minister of Marine, we will pass this bill in bulk," just as the Senate did, in three minutes. But no one knows what the Senate did with the bill. The only hon. gentleman in this house who had the courtesy to consult me in the matter was the Minister of Pensions and National Health (Mr. MacLaren). There are several ministers interested in the bill, but the only man who consulted me was the Minister of Pensions and National Health, and he communicated with me through one of his officials. The official consulted me concerning chapter 5, and for several hours we discussed the clauses in that chapter. Speaking modestly may I say it would appear that either the minister of his official had some influence with the committee which sat in another place because I find every suggestion I made is included in chapter 5 of the bill. I wish to congratulate the Minister of Pensions and National Health and to thank him for his courtesy and decency in the matter, because he was the only minister who did so. Of course I admit I do not know much about marine matters, not half as much as people think I know, but the Minister of Pensions and National Health thought I knew something, and as a result he had courtesy enough to consult me. Why did not the Minister of Marine or his officials consult me? Why did they not consult the hon. member for Comox-Alberni (Mr. Neill), or other hon. members?

Mr. CASGRAIN: Or Charlevoix-Saguenay.

Mr. DUFF: Yes, or the hon. member for Charlevoix-Saguenay (Mr. Casgrain). The only minister who had decency enough to consult anybody on this side of the house was the Minister of Pensions and National Health.

I say there is only one proper way in which to deal with the bill: Let the boards of trade of Halifax, Vancouver, Quebec and Montreal have a chance to read it, and if they say they want the fishermen and sailors to be thrown on the beach, then I can stand it as long as the Prime Minister or any other member of his cabinet can stand it.

An hon. MEMBER: Carried.

Mr. VENIOT: No, it is not carried. Let me say to the Prime Minister that I am not opposing the enactments approved by this parliament and based on international conventions. On page 273 and following in this enormous bill, schedules are included which, so far as I am concerned, I am perfectly satisfied should be adopted. But I am opposing any hasty decisions on those very conditions the Prime Minister has indicated, namely changes brought about through changed conditions. Every hon. member knows that conditions have changed, and in so far as the fishing industry on the Atlantic coast is concerned they have changed to a very great

degree. Upon the introduction of this bill changes have been made to the original act under which Canadian shipping has operated for the last twenty-five years, and changes which are extremely detrimental to the present conditions of fisheries in the maritime provinces. I speak about the maritime provinces, because I know whereof I speak, and I am prepared to stand behind anything I say in regard to the conditions under which our fishermen operate, and the conditions necessary for their future welfare.

The hon. member for Selkirk has said he went before the Senate committee and obtained certain amendments. He has stated specifically that an amendment was made to section 122 of the Canada Shipping Act. So as to show the injustice and discrimination contained in the bill against the fishermen on the Atlantic coast I intend to quote the amendment the hon. member has indicated. He may say, "You had the same opportunity as I had to appear before the Senate committee." Mr. Chairman, my reply to that is that I was elected to represent my constituents not in the parliament of Canada but in the House of Commons of Canada, and I am stating that this bill should have been brought down in the House of Commons, the place where the people's representatives would be in a position to place the bill before a committee, such as the one which operated in another place, and upon which such occasion we would have had an opportunity to look into the legislation and to ascertain whether or not amendments were necessary. Then, if that reason is not sufficient, may I say that personally I was not physically able to appear before the Senate or any other committee at that time. However, had I been informed of the injustices contained in the bill I believe I should have come to the conclusion that an attempt should have been made on my part to appear.

To show the injustice of the action taken by another chamber in the construction of the bill, what do I find? I find that they amended section 122 so as to give special privileges to the fishermen of lake Winnipeg, privileges which should exist for the fishermen on the Atlantic coast.

Mr. STITT (Selkirk): Would the hon. member permit a question?

Mr. VENIOT: Yes.

Mr. STITT (Selkirk): Is there not a vast difference between the conditions existing in connection with fishermen on the inland lakes, and those on the sea?

[Mr. Veniot.]

Mr. VENIOT: Yes. I could indicate to the hon. member exactly the same conditions on the Atlantic coast as he claims exist on the inland lakes. Further, I could give a reason why the privileges the hon. gentleman obtained for the inland lakes should exist to a greater degree on the Atlantic coast.

I find that paragraph (b) of section 122 in the bill is as follows:

> A steamship of not more than 35 tons gross tonnage employed in fishing operations (including the carrying of fishermen, their wives and children, and fish and fishing supplies used in connection with their operations) plying within specified limits on the inland waters of Canada.

To these steamships certificates may be granted. Does the hon. member for Selkirk mean to tell me that in certain sections of the Atlantic coast we do not require those conditions? What about the islands along the coast? What about carrying our women folk, as is done on the lakes under special privileges, to the lobster factories to help their husbands in carrying on their vocation? What about the carrying of our fishermen in the inland bays and rivers? Our rivers are inland waters just the same as lake Winnipeg and they occupy the same position under this bill. Yet we are not granted that privilege. There is discrimination there. The hon. gentleman was able to go before the committee of the other chamber and have inserted that discrimination against the maritimes. I do not say that he had that in view; I think he had a broader view than that.

Mr. STITT (Selkirk): Is there anything wrong with the provision? Does not the hon. member want the same provision?

Mr. VENIOT: I will answer that when we come to the section. I just want to show the carelessness with which this was considered by the other chamber when the amendment was before it. I may be called down for criticizing the other chamber but I am referring to the committee and I think I am within my rights. When this amendment was suggested to that committee they should have looked over the situation as it affected other waters of the dominion. They should have called in those who had knowledge of the conditions in those other waters which are not inland waters. In that way they would have avoided what I consider to be grave injustice and discrimination against the fishing interests of the maritime provinces. This afternoon the Prime Minister said that I should consider it my duty to represent the whole of Canada when I was in this house. What about the

hon. member for Selkirk (Mr. Stitt)? He so far forgot his duty to the rest of Canada that he went there and had parochial legislation adopted by the Senate committee.

Mr. STITT (Selkirk): I object to that statement, and I think it ought to be withdrawn. This amendment applies to all inland waters of Canada.

Mr. VENIOT: Yes, but it does not apply to the fishing waters of Canada.

Mr. STITT (Selkirk): Why were not you there? Your whole argument is that I obtained what you wanted to obtain.

Mr. VENIOT: What does the hon. member for Selkirk know of the Atlantic or the Pacific? Does he know anything about lake fishing? I doubt it. Did he ever catch a trout or a fish in any of the lakes—or a bullfrog?

Mr. STITT (Selkirk): I have not got a monopoly of fish or fish stories like my hon. friend.

Mr. VENIOT: That is a fishy reply, and it is the only reply the hon. gentleman can make. I stated this afternoon that this bill could very well be left over for another session and that no interests would suffer. In stating that I am in good company. I am in the company of the right hon. Prime Minister of Canada. I am in the company of the Minister of Marine. I am in the company of the government of Canada.

Mr. LAPOINTE: You are in bad company.

Mr. VENIOT: It may be bad, but I find myself compelled to be in that company for to-night. I hope it will not be for long.

Mr. BENNETT: It is mutual.

Mr. VENIOT: I am in the company of this very bill. This bill contains a clause which states that it may be put over. Section 719 reads:

> This act shall not come into force until a date to be fixed by proclamation of the governor in council published in the Canada Gazette:—

That section gives the minister the power to proclaim only certain clauses and the remainder can be left over.

Mr. DURANLEAU: Not the minister, the governor in council.

Mr. VENIOT: The section continues:

> —Provided that he may, in the same manner and from time to time, bring any portion or portions only of this act into force.

I am very sincere in fighting this bill. I feel in all conscience that I should oppose it for all I am worth. The suggestion was made this afternoon that the government would be prepared to accept amendments which we might suggest. While I know a great deal about the fishing industry I am not prepared to do that without consulting those whose first interest is in that industry. I want to lay this bill before them and discuss it with the men who go down to the sea in ships and who risk their lives night and day in the waters of the maritime provinces to earn a livelihood for themselves and their families and to bring untold wealth to the Dominion of Canada. I want to sit down with those men and go over this bill with them. I want to have their opinions on the effect of this and that clause. I want to come back to this house with that knowledge added to the knowledge I possess already and then suggest to the government what I think is necessary to be enacted to benefit the fishing interests of the Atlantic shores. I am not going to move an amendment to this bill. The government accepts full responsibility for putting it through, and I shall go back to my people and tell them what I did in this house and that the government with its strong majority would not listen to us and put this bill through in spite of us. I can play politics with the next man, and I have enough politics to play against this government without undertaking to use this bill. I consider it my duty to voice my opposition on behalf of my people to anything which will be detrimental to their interests. I come from a nautical family. My father was a sea captain, without a certificate in those days. I have learned from him and from those with whom I have been living for the last fifty years what is in the best interests of the fishermen of the country.

I should like the Prime Minister to listen carefully to a suggestion I intend to make. Under section 719 certain sections of this bill may be proclaimed by order in council. I suggest that the Prime Minister or the government or the Minister of Marine put through such sections of this act as are noncontentious and allow those which we consider to be contentious and detrimental to the people we represent to stand until next session. A bill could be brought in at next session amending the legislation of this year and including such sections as are necessary to help the fishermen whom we represent in this house. I hope the Prime Minister will consider that suggestion.

Mr. DUFF: I was hoping that either the Prime Minister or the Minister of Marine would see the reasonableness of the argument put forward by the hon. member for Glou-

cester (Mr. Veniot) but if we are going to consider section 2, although we have carried subsection 1 of section 2, I would like to ask the minister what subsection 1 really means. It says:

"The Admiralty" means the Lord High Admiral of the United Kingdom for the time being, or the commissioners for the time being for executing the office of Lord High Admiral of the United Kingdom.

We are an independent nation, perhaps not a nation, but at all events an independent country; why should we be under the sovereignty of the Lord High Admiral of the United Kingdom? Why should the Lord High Admiral of the United Kingdom appear in this bill a shipping act of Canada?

Mr. DURANLEAU: My hon. friend when reading the bill must have seen that the word "Admiralty" is mentioned in certain parts, so we had to define "Admiralty." That is all.

Mr. DUFF: That is not quite sufficient, Mr. Chairman. "Admiralty court" is defined in subsection 2. I can understand that, but what I am asking the minister is why this Dominion of Canada should be under the Lord High Admiral of the United Kingdom or the commissioners for the time being for executing the office of Lord High Admiral of the United Kingdom. How does that come in, in this country? I can understand that there would be references to the Merchant Shipping Act of Great Britain, but as for the Lord High Admiral, we have none; I am the only admiral in this country. Why therefore does the Lord High Admiral appear in this bill?

Mr. DURANLEAU: I have already told my hon. friend that we refer to the Admiralty in certain parts of this bill and so in the definition section we define "the Admiralty." There is no harm in that.

Mr. DUFF: I do not say that there is any harm in it. I have not had a chance to study this bill, although the Lord knows I have done the best I could. Of course, I admit I am stupid, I admit I am slow, I admit I am ignorant, I admit it is impossible for me in my ordinary capacity to study a bill of 497 pages in four days despite the fact that after I came home from the Presbyterian church on Sunday morning I spent the rest of the day trying to wade through these 497 pages. I took the minister's advice, and although I did not go to high mass on Sunday morning I went to the eleven o'clock service at the Presbyterian church, and as soon as I got home I sat down with this bill. I am sure the Prime Minister will sympathize with me, because he is quite a religious man like myself, when I tell him that all I could get through on Sunday was seventy-four pages. The Prime Minister goes to Chalmers church and I go to Knox church, but I will bet dollars to doughnuts that the Prime Minister did not read this bill on Sunday like I did. He is too sincere: he does not believe in doing business on Sunday. But the Minister of Marine had asked us to read the bill over the week-end and so I waded through it and I got only as far as page 74. I have had the bill now for a week and the best I have been able to do was to get to page 74, section 174.

Mr. DURANLEAU: That is more than half of the bill.

Mr. DUFF: No. There are 719 clauses. The minister has not read the bill. He has not looked at it. He does not know what it is all about. There are 719 sections—

Mr. DURANLEAU: Over 700 sections.

Mr. DUFF: I want to keep the minister right on this. He is trying to get this thing into his head but it is impossible because he does not know anything about marine matters. There are 497 pages in this bill and all I have got through so far is to page 74, in spite of the fact that I spent all Sunday till twelve o'clock at night reading this bill.

An hon. MEMBER: Did you have supper?

Mr. DUFF: Yes, a seventy-five cent supper at the Alexandra, after sticking at the bill from twelve to six o'clock and going over seventy-four pages.

I congratulate the minister on the fact that he has been able, as he has told us, to go through this bill, but I want to say to him that it is not fair to bring a bill of this importance and extent to parliament in the last days of the session and ask us to pass it in its present condition. The minister cannot show to this committee that any board of trade or any organization whether of seamen or of master mariners or of fishermen has asked that this bill should pass this session. It has taken the Senate two years to deal with this bill, and I am not reflecting at all on the other chamber in the eastern portion of this building. But why does the Prime Minister force the Minister of Marine to come here and ask that we pass the bill this session? Of course, if the Prime Minister and the government want to commit suicide, if they want to put this bill through, well and good.

Mr. JACOBS: Why should you object if they commit suicide?

Mr. DUFF: I would not like to see the Prime Minister commit suicide.

Mr. JACOBS: I mean politically.

Mr. DUFF: It is too serious. I am not playing politics in this thing at all. Let me refer to chapter 2, if I remember correctly. That chapter, I want to say to the Prime Minister, should be revised in its entirety. The trouble with the minister—not the minister; I should have said with his officials who advised him in this matter, and I apologize—the trouble with his officials is that they are twenty-five years behind the times. They are living in the mid-Victorian era or in the time of King Henry VIII.

Mr. DURANLEAU: My hon. friend mentioned chapter 2. There is no chapter in the bill. Does he mean part II?

Mr. DUFF: That is splitting hairs, Mr. Chairman. The minister is sailing close to the wind for a man who is a lawyer in Montreal. My right hon. friend the Prime Minister could luff a little and tack on the other side.

Mr. BENNETT: He is proceeding under auxiliary power.

Mr. DUFF: Then he puts his sails down.

Mr. VENIOT: Or double reefs.

Mr. DUFF: The Minister of Marine should not talk that way to an old sea lawyer like myself from the maritime provinces. It is not right for a lawyer from an inland town like Montreal to criticize an old sea lawyer like myself for referring to chapter 2 instead of part II.

Mr. DURANLEAU: It is because my hon. friend had not mentioned the section and I wanted to know to what part he referred.

Mr. DUFF: I appreciate my hon. friend's lack of knowledge with regard to this whole matter and am delighted he has drawn my attention to the fact. I am not saying this in a disparaging manner to my hon. friend because I realize he is placed in a very awkward position. For two years another part of this parliament has dealt with this matter and it has been forced on the Minister of Marine. If he and I got together for two or three hours, we could splice the main brace and discuss this matter.

Mr. LAPOINTE: That is a good suggestion.

Mr. VENIOT: Wait till the sun gets over the foreyard arm.

Mr. DUFF: We might do that. Still, the Minister of Marine does not want to force on this country a bill which as drafted is a conglomerate measure, a bill which mixes up clauses of the Merchant Shipping Act of Great Britain with chapter 186 of the revised statutes of Canada. Surely he does not want to go down in history as the man who put a bill through this parliament just because we are here now on the twelfth day of June and because the measure was passed by the Senate which had no interest in it. There was not a man on the Senate committee who invited anybody there who knew anything about the bill. Who were the witnesses? Will the Minister of Marine tell me who came before that Senate committee? I am not deprecating the work of the right hon. leader of the Senate nor of any other member of the Senate, but I say to the Minister of Marine that the real shipping people, the fishermen, the mariners, the sailors of this country, the business men, never saw this bill, never had an opportunity to go before the Senate and have not an opportunity now to express their views in regard to the matter.

I have no political axe to grind in connection with this question. I was born with a fishbone in my mouth, born by the sea, brought up with fishermen, mariners, sailors. Surely the minister does not want to say that I am playing politics in regard to this, because I am not. I am a Grit, of course, and I am a free trader. I am opposed to this government but I am not opposed to this legislation because it is brought down by this government. I say that it is too serious a matter to deal with hastily; it is a business matter, one that affects practically every man, woman and child in Canada, that affects every sailor, every seaman, every master, every mate, every shipping interest and every business interest in this dominion, because under this measure they will be responsible for what they do in regard to every cargo that is loaded.

Let the boards of trade, masters and mates, seamen, come back here after they read this bill or send their representations and say whether it is a good one or not. If they say that it is all right, so far as I am concerned I shall accept it. In the last four days I have sent seventeen copies of this measure out to people in Nova Scotia. Will my hon. friend say that I have had any opportunity to receive replies? I sent seventeen copies to different parts of the maritime provinces and I want those people, whether the chamber of com-

merce of Yarmouth, or Halifax, or Lunenburg, or Canso, or Sydney, to give me their replies. I want the boards of trade of those towns to consult the captains, seamen and anybody else interested, and I say to the minister: Why force this bill through now? Nobody is asking for it. I say in all seriousness that in the last three months I have not had one word asking me to approve this or any shipping bill. The people concerned are quite satisfied with the old act because if this new legislation is put into force thousands of fishermen, thousands of sailors and, Mr. Chairman, hundreds in your own constituency of Cumberland, men who have sailed the seas for thirty, or twenty, or ten years, will be thrown on the beach. Is it fair that this party or this government or this parliament should say to the men of Cumberland, of Guysborough and of other places throughout Nova Scotia: You cannot sail your ships?

Mr. LAPOINTE: Does that not break your heart, Mr. Chairman?

Mr. DUFF: Yes, it does, because he knows I am right. Is it fair to men who have sailed the seas to Brazil, Hawaii, Rio de Janeiro, that they should be thrown on the beach through this stupid and foolish bill drawn by my hon. friend and by men who never saw salt water? The technical, practical men in the Department of Marine were never consulted about this bill. Who is there in the Senate who knows about the bay of Fundy, the Atlantic or the Pacific ocean? Yet not a practical man was consulted and I say in all seriousness: I do not care; I can stand this if the government can stand it, but heaven knows what is going to happen to them at the next election. If, however, they are going to put this bill through, I am satisfied; let them do it.

Mr. VENIOT: When talking a little while ago on the amendment made to section 112 of chapter 186 I forgot to point out that under the former act temporary certificates were permitted for vessels of less than ten tons, propelled by sail and auxiliary engine. Under this amendment in one instance that provision is extended to vessels of twenty tons and in another to vessels of thirty-five tons, for inland waters, whereas in the coastal service it is confined to vessels with auxiliaries of not over three horsepower; anything above that is classified as a steamer, and full certificates must be obtained for mates and masters. This applies to vessels in our fishing fleet having auxiliaries; although they are in one sense classified as sailing vessels, under this bill they become steamers when their auxiliary is over three horsepower. Yet on the inland lakes it extends to vessels of twenty and thirty-five tons, which require a great deal more than three horsepower auxiliaries to navigate them. They are given that privilege, but we on the Atlantic coast are discriminated against in that way.

Mr. NEILL: There is no doubt whatever that this bill is very much needed. Some of the penal sections of the present act are expressed in terms of pounds, shillings, and pence, which indicates its old origin. I think there was a bill drawn in 1908 or 1909, but for some reason which I have not been able to discover it never was brought into the house. It is perfectly true that members on this side including myself have been worrying the minister for years to introduce an amendment to the act. We have no quarrel with the idea that it is needed; it is only with the manner of its introduction that we find any fault.

Now, it is said that there are not many sections. Even taking the minister's own statement that there are only seventy new sections, that is a considerable bill. However it might not be so serious if it were one readily understood by ordinary members of parliament. But it is not; in some aspects it is highly technical and impossible to discuss intelligently on the floor of this house, and that is why I have always urged that it should be considered in a committee where technical men can come before us and we could have these questions explained. The hon. member for Stanstead (Mr. Hackett) said that we should have gone and listened to the discussions in the Senate committee—

Mr. HACKETT: I said I attended them; I did not make any suggestion to others.

Mr. LAPOINTE: He was setting a good example.

Mr. NEILL: The hon. member was not suggesting that he did wrong in going there; I think his suggestion was an open invitation to go and do likewise, as in the biblical example. I did not go myself; for one thing I did not know when the committee was sitting, and I have something else to do than attend committee meetings in another house; I have enough to do to attend our own. But I did attend another committee on another occasion when, as the hon. member said, I was treated courteously and heard patiently. I was allowed to make a statement, but I was not allowed to sit in and question witnesses or pass opinions. It would be indecorous; it

is not done. But I did the next best thing, as I thought; I sent for the evidence taken before that special committee—it was referred to a special committee and a subcommittee. I sent for the evidence in order that I might inform myself as to the numerous witnesses who according to the minister had given substantial and worthy evidence. The answer was: there was no evidence; nothing had been printed. So how could we inform ourselves? I do not know that anyone gave evidence. I will take the minister's word that some did, but I do not know who they were; I do not know if they were making ex parte statements in their own interest or in the interest of the class they represent. I know nothing to guide me in deciding whether this bill is a suitable bill or not.

I think the right hon. leader of the opposition (Mr. Mackenzie King) would not take it amiss if I say that he is very strong on constitutional points. I wonder that he or someone has not taken up this constitutional point, that it does not become us to subordinate our rights of legislation to another chamber. Not that we should be jealous of our dignity, or touchy—not at all; but we should be jealous, and I propose to be, of the rights delegated to us by the people at the last election. They sent us here to represent them in passing legislation, not to accept legislation originating in another chamber, and swallow it holus-bolus and say that because it has received approval there we should just attach our signatures. That method was tried in the case of the railway bill a year ago, but we changed that bill in practically every detail. I think it is not the custom for the British House of Lords to introduce legislation of any substantial nature but to have it submitted with all formality to the House of Commons.

Mr. BENNETT: The rule is that legislation involving public expenditure originates in the Commons. Much important legislation has in times past originated in the Lords. Of the practice at the moment I cannot speak.

Mr. NEILL: Not of late years, I think; it has fallen into desuetude. Public opinion has insisted that the House of Commons is the responsible body, and I for one do not propose to subordinate its powers to any other chamber, however honourable or worthy it may be.

Then we were told that we should have read the bill. It is not impossible to read it, but that would not do us much good. I do not say this bill is wrong; I say I do not know, because there are many features of it on which I cannot form an opinion without technical advice, and there is none obtainable in this chamber. Here is a letter I received —true, it was a year ago—in connection with the bill very similar to this, then before the Senate. I sent it to the Canadian Association of Seamen in Vancouver. Here is part of their reply:

> For three weeks we have had a committee working steadily on each clause, and on rereading the amendments I am of the opinion that we have introduced one or two contradictory clauses, but to make our reading more easily understood, I am enclosing herewith a few comments relative to said amendments.

The few comments consist of four closely typewritten pages, and the original amendments that they suggest make thirty-two closely typewritten pages. They say that having their interests at heart they have had a committee steadily working on it for three weeks; yet we are going to railroad it through by just looking at it and someone reading out some word on the margin like "wharf" or "wreck" and so passing that particular section.

Then I have a letter this year submitting on three pages perhaps thirty suggestions, some of them of a very technical character. I read one the other night and I shall not repeat it, but it is not one on which we could form an estimate without having a technical man before us.

I come back to what I have been urging for the last two years; why not send it to a committee, not necessarily the marine committee, but to a special committee? I believe even yet it would be possible to do it, and in so doing it would get through a lot quicker than by trying to put it through this house in this manner. But the better way would be to leave it for another year and bring it down to the committee early in the session; then we would have the advantage of experience during the recess and could deal with it in an adequate way. My own view is that if the government decide to go on with it—the Prime Minister objects to the term "jamming it through," but I cannot think of any more appropriate term—if they decide to force it through, then I think my attitude should be to wash my hands of it and say that I cannot adequately advise, and the responsibility before the people must be theirs. It is absolutely certain that the bill is not perfect, from the complaints I have here and the number of clauses. I think the proper course would be not to lay ourselves open to the charge of obstructing—we do not want to do that—but simply to say "your blood be on your own head" as far as results are concerned.

Mr. REID: Just after eight o'clock I asked the Minister of Marine whether any personal representations had been made by the Canadian Association of Seamen. My reason for asking that is that the bill has, I believe, 131 clauses pertaining to seamen alone. The greater part of this deals with the very life of the seaman, his property, what happens to him if he gets sick, his wages, his dismissal, what is done if he gets stranded on a foreign shore, his certificate of competency, and everything pertaining to his life on the ship and off it.

Mr. DUFF: Hear, hear.

Mr. REID: It touches the very life of the seaman, yet no personal representations were made on his behalf in the Senate.

Mr. DUFF: Not one.

Mr. REID: I shall not say they would not have been allowed, but they were not represented when it was before the Senate committee. I must object also to the implication or even the suggestion that a member is derelict in his duty because he does not appear before a Senate committee. I think that would be a bad precedent, especially during this session when there were so many committees in operation. But referring to those 131 sections I doubt if there is any man in this house in a position to know all the conditions affecting seamen. Now that the bill is being put into a new form it should not only be brought up to date but the seamen should be represented before the committee dealing with these matters.

Mr. BENNETT: All those sections were there before.

Mr. REID: I quite agree, and I am glad the Prime Minister mentioned that. One of the complaints made by the seamen was that it was very difficult to get amendments made to the old act. It has been stated that the bill has been copied. That being so it is behind the times. If one looks through the bill he will find the term "steamship," alone used, as the hon. member for Selkirk (Mr. Stitt) suggested, but the change to motor power has been omitted. That alone shows that the bill needs revision.

The CHAIRMAN (Mr. Smith, Cumberland): Carried?

Mr. DUFF: No, it is not going to carry.

Mr. BENNETT: By the definition, "steamship" covers a motor ship.

Mr. DUFF: That is the trouble. The government does not seem to realize that a motor boat should not be classed as a steamer. A moment ago I asked the minister why subsection 1 of section 2 should be in this bill. Why should the Admiralty or the Lord High Admiral of the United Kingdom appear in this bill?

Mr. BENNETT: May I answer that question?

Mr. DUFF: Certainly.

Mr. BENNETT: The Admiralty is referred to in this bill, and the definition of the word is the Lord High Admiral of the United Kingdom for the time being, or the commissioners for the time being for executing the office of Lord High Admiral of the United Kingdom. If you have any word to which a meaning attaches in the statute it is desirable to define what that meaning is, according to the country which has that word in its statutes for expressing a given meaning. The meaning assigned to this word is the meaning assigned to it under the laws of Great Britain, and when it is used here it has that meaning.

Mr. DUFF: I quite understand that definition, but I want to know why that should appear in a Canadian statute and where those words are used in the 497 pages of the bill. I have gone through only 74 pages, but I cannot find any reference to the Lord High Admiral —unless it is myself—of the United Kingdom for the time being or the commissioners for the time being for executing the office of Lord High Admiral. I can understand, of course, that we look after our own affairs, that we are daughter in our mother's house but mistress in our own. Is that the correct quotation?

Mr. BENNETT: It is.

Mr. DUFF: I am a great Britisher; I believe only one flag should fly over the empire, but in a Canadian shipping bill why should this subsection be inserted in the definitions when, in the 74 pages I have examined, I can find no reference to the Lord High Admiral, whether it is Winston Churchill or someone else, or the commissioners for the time being for executing the office? I want to know from the minister why that definition is there when no reference is made to the Lord High Admiral in the 497 pages of the bill, as far as I can tell.

Mr. DURANLEAU: My hon. friend does not affirm that there is no mention of the Admiralty in the whole bill?

Mr. DUFF: I did not say that. That shows conclusively that the minister is more at sea than I am; in fact he is in heavy weather. I

am sailing along with all sails set, with the gaff topsails and the balloon jib and everything else going. The minister has his sails reefed.

Mr. BENNETT: Why don't you drop your sea anchor?

Mr. DUFF: Not while the ship is under sail. You only drop the anchor when you are getting near the breakers or the shore. The Prime Minister should tell the Minister of Marine to drop his anchor.

Mr. BENNETT: I said your sea anchor; there is a great difference.

Mr. DUFF: It is used only in a gale of wind—

Mr. BENNETT: That is the point.

Mr. DUFF: —when you put your anchor out to keep your head in the wind. The Prime Minister and I are going to get seasick if we continue this discussion.

Mr. MacDONALD (Cape Breton): The Prime Minister means to heave to.

Mr. DUFF: That is not heaving to. My hon. friend is a lawyer; for heaven's sake don't let us get into an argument. You heave to with only your foresail set. You are jogging to windward when you pull your jib to windward.

I want to know why subsection 1 appears in this bill. The minister says he has read the bill; he says he did not go to mass on Sunday because he was studying the bill.

Mr. DURANLEAU: My hon. friend is joking. I never said any such thing.

Mr. DUFF: At any rate the minister said he did not go to mass last Sunday. Will he tell me why subsection 1 of section 2 is included in this bill, when we are in a free country and we are talking about a Canadian statute? I could understand it if the government wanted to give me a higher title than I have already and call me the lord high admiral instead of just admiral. I would be satisfied; I would take the title whether it came on the king's birthday or at any other time. But where does that appear in this bill?

Mr. DURANLEAU: Has my hon. friend any objection to that definition?

Mr. DUFF: I am asking for an explanation.

The CHAIRMAN (Mr. Smith, Cumberland): This subsection has been carried. It is the only one that has been carried, and it seems to me this discussion is out of order.

Mr. DUFF: We had an understanding the other night with the Minister of Finance, who is a very good friend of mine, that we would pass that subsection in order that the business of the house might go on, with the understanding that when the bill came up—if it did, because we hoped that the Minister of Finance would have sufficient influence, being a sailor from the maritime provinces and knowing the shipping business as he does, to see that it did not come up until next session—we would have an opportunity to discuss anything we desired. Since the bill has come up I should like to ask why this subsection appears in the bill. Where is it referred to? The minister says he has read and understands the bill. Surely as a matter of courtesy it would be very simple for him to tell me where this subsection is referred to in any other part of this terrible bill which on account of its bulk I can hardly hold in my hand.

Mr. DURANLEAU: When my hon. friend arrives at the section he will see where the Admiralty is mentioned.

Mr. DUFF: The Admiralty is mentioned in subsection 2. I understand what an admiralty court means, of course, because I have been before it half a dozen times. I should like to know why the Lord High Admiral of the United Kingdom should interfere in Canadian shipping.

Mr. BENNETT: He does not; it is a definition of the word.

Mr. DUFF: Surely it means something; if it does not it should not be there. I want the minister to tell me what it means and where it applies in the 497 pages of this bill.

Mr. DURANLEAU: That subsection was carried on Friday last, and my hon. friend is too inquisitive to let this subsection go without discussion this evening. When we started to discuss this bill in committee I began with section 1. Hon. gentlemen opposite objected, because that was the only section that would allow them to say anything at all on the bill. So I left that section aside and began with section 2, subsection 1, which was adopted without any reservation whatever.

Mr. JACOBS: What are we discussing?

Mr. DURANLEAU: At the beginning the chairman of the committee stated that the hon. gentleman was absolutely out of order in the discussion he has been carrying on this evening.

Mr. JACOBS: He has been out of order for an hour and a half; I think he should see the Minister of Health again.

Mr. DUFF: I am afraid the Minister of Marine is losing his temper. I am trying to be as respectful to him and to the government as I can be. I believe the Minister of Finance and the Minister of Marine should agree with me when I say we allowed the second reading of the bill. Then, I was prepared to consent to the carrying of clause 1, but the hon. member for Comox-Alberni (Mr. Neill) thought the clause should not be passed, and with the consent of the Minister of Marine and the Minister of Finance we went on with clause 2. We passed subsection 1 of section 2 merely as a matter of courtesy to the government and to the minister. Surely it does not lie in the mouth of the Minister of Marine to say that I am inquisitive. I am not inquisitive; I say that the minister does not know where in these 497 pages to find the words "Lord High Admiral," and he cannot indicate a reference to any such person. When he knows he cannot make such reference, and when he knows that the definition means nothing, he should be more courteous. We have before us a bill which affects Canadian shipping, and as is well known this country has no lord high admiral, and it has no commissioners for executing the office of Lord High Admiral of the United Kingdom. Why should that subsection be in the bill? The fact that it is in the bill shows conclusively that the minister and the officials who drafted the bill, the gentlemen responsible for it, did not give it sufficient and careful attention. I say that subsection 1 should be expunged from the bill, and I suggest that the minister is not acting wisely when he states that I am too inquisitive. I have too much interest in the bill to be accused in that way. I suggest he has no justification for saying I am inquisitive because I want to know where, in these 497 pages, there is any reference to the Lord High Admiral. The minister states he has read the bill and that he knows all about it. Certainly the officials sitting near him should know something about it. Let him tell me where the Lord High Admiral comes into this Canadian shipping legislation. Will the minister tell me the page, the clause or appendix? He cannot tell me, and yet he says that I am too inquisitive.

The CHAIRMAN (Mr. Smith, Cumberland): The ruling of the chair is that this subsection has passed. If by unanimous consent the house wishes to go back and discuss the paragraph, I have no objection. My record shows however that the subsection has been passed.

Mr. DUFF: Is there a lord high admiral in Cumberland county?

Mr. MERCIER (St. Henri): We must interpret the words "the Admiralty" by the definition appearing in the subsection. The hon. member is simply asking why the words appear.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the subsection carry?

Mr. DUFF: Apparently the Minister of Marine cannot find any place where subsection 1 refers to the bill under discussion. I am surprised that to-night the Minister of Marine takes a different attitude from the one he took on Friday night, upon which occasion we had a very agreeable discussion in which the Minister of Marine and the Minister of Finance, who is now leaving the chamber, took part. On Friday evening I referred in a joking manner to this particular subsection, and I thought the Minister of Finance understood the joke. Then, following my remark I find that at page 3825 the Minister of Finance is reported as follows:

> The suggestion of the lord high admiral of the opposition is entirely acceptable. I can assure my hon. friend from Comox-Alberni that there was no idea in the mind of the government to take any advantage, either technical or otherwise, in calling the first section of the bill. I submit that the rights of the house and the committee are preserved in precisely the same manner whether the section is passed or not passed, but I accept without question the suggestion of the hon. member for Antigonish-Guysborough.

Mr. DURANLEAU: The Minister of Finance mentioned section 1.

Mr. DUFF: We were discussing the advisability of helping the government to go on with this legislation, and we agreed to pass the second reading and to go into committee. I think the Minister of Finance will agree with me that there were no strings on what we did. We took the action which is taken in many other instances, whether they be public works measures, or anything else, whereby for the sake of convenience to the government the opposition allows a section to pass, with the understanding that the section may be reopened or discussed when the bill comes up again.

All I am asking the minister is this, and if he cannot answer me, I merely wish him to say so: Why in a bill introduced to this parliament of Canada, a free country which can

pass its own legislation, should we include such definitions? It would seem to indicate that the advisers of the minister and of the Senate, those high priced lawyers from Vancouver and the other place, did not know what the bill meant, when they included subsection 1 of section 2 in its provisions. Of course, it was a matter of $100 a day or nothing. It was an easy matter to take the Merchant Shipping Act of Great Britain, it was an easy matter to take the statutes of Canada, and to make a composite act.

Mr. HANBURY: And to take a pair of scissors and a bottle of paste.

Mr. DUFF: Yes, a pair of scissors and a paste brush. That was a very easy matter for $100 a day. The Minister of Marine knows very well that that is what happened. I am not reflecting upon what took place in the southeast corner of this building. I am not objecting to a Tory getting a good job when this government is in power. If I were in power again I would get good jobs for my friends, if I could. I say to the minister that he should not accept a bill affecting the rights, property and business of seamen, sailors, captains, mates and property owners, which came only five days ago from another corner of this building, and then bring it into this chamber and expect us to pass the bill without consulting our constituents, the people in Canada, the boards of trade or the shipping interests. I allowed subsection 1 to pass and hon. members on this side of the house allowed it to pass merely as a matter of courtesy to the government and to my good friend the Minister of Finance. Surely you, sir, or the Minister of Marine should not now say that I should not object to subsection 1 because upon another occasion I thought the words might be used in the bill. However, since that time I have tried to go through the bill; as I say I spent Sunday—and I know as a good Presbyterian I should not have done it—from one o'clock in the afternoon until twelve o'clock at night in a perusal of the bill. I accepted the advice offered by the Prime Minister. I got up in the morning, and after going to church studied the bill from one o'clock until twelve o'clock at night—and I don't know what my wife will say when she hears about it. I did that, and I am serious when I say to hon. members opposite that I have no political axe to grind in opposing the measure. This bill means the livelihood of men with whom I have been associated for the last forty years. Is the Minister of Marine going to say that he will force this bill through? Will the Prime Minister say that, after the promises and the fine speeches he made in the maritime provinces when he was down there in 1930? How will he face them in October, or some time this fall when he calls an election? Can he face the fishermen and the masters, mates, etc., who will be thrown out on the beach, and out of employment? I am just as serious as I possibly can be in this matter. I would not be standing here attacking this bill if I was not serious. I do not object to the Senate sending us this bill as it now is; they did the best they could. I contend that the boards of trade and the shipping interests, the business interests, the fishermen, the seamen, the sailors and the master mariners who are affected by this bill, should be heard. The Minister of National Health was the only member of the government who showed me the courtesy of consulting me. He consulted with me in reference to the poor devils who have to go to hospitals. This is an important bill as it affects not only captains and mates, but seamen, engineers, fishermen, pilots and everyone else. I say to the Minister of Marine: Let us let this bill stand over. No one will be hurt. I am sure the minister will agree with me that if there was any desire that this bill should be passed, I would have heard something about it. Could I afford to stand up here and oppose the passing of this bill if I had received petitions or letters from the shipping interests of this country asking that it be passed? Certainly I could not. Of course, the joke is that I do not know as much about shipping as people think I do, but I do not want to lose that reputation. I have not received one word asking that this bill be passed. No one has seen it. It is all right for someone whom nobody knows to come here from somewhere, but I think my hon. friend must admit that no really practical men appeared before the Senate committee. The only ones who appeared were those who wanted some special privileges. My hon. friend knows that the people interested in shipping on the great lakes are opposed to certain sections of this bill. I am not opposed to those sections personally, but as a man who has some interest in the shipping of this country, I feel I must oppose them. I opposed a bill when the Liberal party was in power some twelve or fifteen years ago, and it was held over. This bill was opposed last year; it was never proclaimed because the Prime Minister realized—he will pardon me for saying this—that the bill was not practical. The bill which I opposed some twelve or fifteen years ago when the Liberal party was in power did not do any good to my party.

I am serious in this. I say to the Prime Minister, I say to the government and I say to the Minister of Marine: Nobody will be hurt by letting this bill stand until next session. As I said a moment ago, I have sent seventeen copies of this conglomerate bill to my friends but it will take them at least two months to study it properly. Let us let this thing go over until next year. I say to the Minister of Marine and to the Prime Minister: Surely there are certain interests in this country which should be protected. There is no necessity to pass this and we cannot pass it. I cannot afford to stand here and let this thing go through as it is unless I am willing to let the government and the Prime Minister take the responsibility. The Minister of Trade and Commerce cut out the subsidies for steamers and many of these men have had to go on sailing vessels. Now the captains of such vessels of over five tons having auxiliary power must have certificates. These men cannot get certificates. I shall not give the reasons why just now, but I will if we are forced to deal with chapter 2. I am not playing politics in this, I am talking for the shipping and business interests of this country. I am not objecting to what the Senate did; I am not objecting to the government putting this bill in the Senate; all I am saying is that the fishermen, the sailors, the pilots, the seamen and everyone else should have a chance to look at this bill. They should have an opportunity to discuss this matter with the hon. member for Pictou (Mr. Stanley), the hon. member for Inverness (Mr. Macdougall), the hon. member for Cape Breton-North Victoria (Mr. Johnstone) and the hon. members from Vancouver. I am as much interested as anybody in seeing that the regulations for the safety of shipping at sea are carried out, but I ask that this bill be allowed to stand over so that those who are interested may be heard before next session. If there is no objection by next session, I will be ready to put this bill through in the shortest possible time.

Mr. RALSTON: I should like to say a word with regard to what the Prime Minister said in connection with uniformity of legislation. He spoke of the necessity for having this legislation in order to promote uniformity among the dominions. As he correctly said, the history of this legislation is that in 1929 there was a conference on dominion shipping legislation and merchant shipping legislation. The result of that conference was a report which was presented to the imperial conference of 1930. That report recommended an agreement on uniform shipping legislation throughout the empire and an agreement was arrived at and was approved at the 1930 conference and signed in 1931. This agreement laid down the general principles of the uniform legislation and it, of course, contemplated that there would be legislation following the laying down of those principles. I submit that that legislation cannot be uniform unless there is a further conference between the various members of the British commonwealth of nations. It seems to me that we can hardly have uniformity if we start out by passing a Canada Shipping Act all by ourselves and expecting the other dominions to follow. My view is that we would be doing more in the way of uniformity if we held a conference with the other dominions and then passed an act modelled along the lines suggested at that conference.

Mr. DUFF: That is what the hon. member for Pictou (Mr. Cantley) suggested on Friday night.

Mr. RALSTON: As I understand it, what we have at the present time is general uniformity from the fact that the Merchant Shipping Act is in force all over the British commonwealth. Then all the various dominions have are their own local shipping acts. We have the Canada Shipping Act here. I am told that the hon. member for Pictou has already suggested such a conference and I am convinced that it would be in the interests of uniformity if we did not start off by attempting to lead the procession, as it were, by passing an act and expecting the other dominions to rubber stamp what we do. That is my first point. My right hon. friend has mentioned that there is some sort of pledge, that we have passed our word of honour.

Mr. BENNETT: I was dealing with international obligations.

Mr. RALSTON: I do not think we would be violating any word of honour, and I do not believe my right hon. friend intended that his remarks should be so interpreted, by not passing this shipping bill. This bill is made up by the use of the pastepot and by the redrafting of legislation which was already in force. I imagine it was done in both ways. Then in addition to reenacting the old legislation it contains some new legislation. I submit that we cannot hope to have the sort of shipping legislation we should have in this country if we just follow the old British Merchant Shipping Act and our own Canada Shipping Act. The Merchant Shipping Act was originally passed in 1854

before the days of cables, before the days of radio, before the days of aircraft and before the days of various modern aids to navigation. The result is that the Merchant Shipping Act is bound to be to some extent out of date. Amendments have been passed from time to time but no one believes that that act has had the overhauling which it needs in order to make it completely in keeping with present conditions. The delay in doing this has been due to the fact that the various dominions have, following the statute of Westminster, been considering the best way to bring about uniformity in shipping legislation. I submit that notwithstanding all the work that has been done, and I find no fault with the work that has been done in drafting the act, we shall not have an up to date act when we get through with this if we simply adopt the Merchant Shipping Act and fit into it the Canada Shipping Act.

Mr. BENNETT: We have to.

Mr. RALSTON: That brings me to my next point. As I understood the Prime Minister, he was suggesting first that we should pass this bill, because it contains what is already on the statute books.

Mr. BENNETT: No, I said there were seventy new sections.

Mr. RALSTON: Dealing with the law that is on the statute books. Why should we pass this act simply to reenact what is already on the statute books? It is there now and we have the benefit of it. It seems to me that we can afford to wait until we bring our shipping legislation into line with that of the other commonwealths before we decide on a brand new act. That is, so far as the legislation which is already in force is concerned, we are not going a step further ahead by rewriting it on the statute books.

My right hon. friend says there are seventy-five new sections. But even some of the old ones can hardly be recognized. I just look at one section, section 113. I know very little about shipping law; I do not profess to have made a close study of it. I have to learn in this school if we have to go through with this bill. Section 113 deals with shipping registry. Apparently that section is a combination of sections 93, 94, 95, 96 and 97 of the old Canada Shipping Act. You will not find it written in the same terms. I would not expect that. I would expect the draftsman to improve on it. But imagine those of us in this committee attempting to figure out whether it contains the old legislation or whether it is a brand new section. That is just one sample. That is a section which my right hon. friend the Prime Minister would include under present existing legislation.

Mr. BENNETT: No, partly new.

Mr. RALSTON: Partly new, all right; but as I understand the principle, it is intended to be practically the same as the old legislation. In addition my right hon. friend says that there are seventy-five new sections. That brings me to this.

Mr. DUFF: Section 113 is not new.

Mr. RALSTON: My hon. friend from Antigonish-Guysborough says that section 113 is not new. I am taking his word and the word of my right hon. friend the Prime Minister, and assuming that the principle of it generally is already in force and that the drafting of it is new. Now about the new sections? What I am suggesting to my right hon. friend is this: We dealt with the companies act this session and adopted a number of amendments. I do not think my right hon. friend will complain of the way in which we on this side of the house dealt with that bill. I do not think he will complain of the way in which we dealt with about ten other pieces of legislation which have come before the house this session. The only bill that has really been contentious and taken a long time was the marketing act. The other bills have had all the expedition that my right hon. friend could possibly expect, and I am quite satisfied that he will frankly admit that. We had last night the bill dealing with compromises in the matter of farm indebtedness. We have dealt with a farm loan bill, a British and foreign companies insurance act, a Canadian insurance act; a tremendous bill consisting of a remodelling and revision of the Excise Act, and the companies act, which I have just mentioned. Then we have had the complete decennial revision this session of the Bank Act. We have also had the bill to incorporate the central bank of Canada, and in addition the Fruit Act, the Food and Drug Act, the Bills of Exchange Act, and the Admiralty Court Act. We have dealt with all that legislation this session, and now at this late date we are asked to deal with this monumental bill of 497 pages. I submit to my right hon. friend that we are having a surfeit, a gorge of legislation which we cannot possibly digest.

I say to him that with regard to this act we should deal with it as we dealt with the companies act, and have it go to a committee and consider the sections, see what the seventy-five new sections contain, and if the

committee can agree on the sections, well and good; but I submit to my right hon. friend that it is very difficult and not the most efficient way to do public business for us to attempt in this committee of the whole to deal with 719 sections, new and old, without an opportunity at least for a preliminary digest of the situation in a committee. I want to ask my right hon. friend even yet, if he will not agree to this bill being referred to a special committee which would have an opportunity to go over it, and if we find that it is not possible to deal with it properly before this session rises, the bill will simply have to stand over until next session. I submit to my right hon. friend that the way we have already dealt with legislation ought to induce him to accept a suggestion of this kind and to make him feel that there is no desire whatever to obstruct this legislation, but that there is on the other hand a real desire on the part of the committee to know something about the legislation which they are passing.

I do not think my right hon. friend any more than anybody else will say that simply because of the fact that the Senate has passed the bill and given it a lot of attention, that is any reason why we should not give it proper consideration in this house. The other chamber had all last year to consider this bill; they scrapped practically the whole of the bill which was drawn, and started out on a brand new bill this year, and now after nearly three months' work this bill is brought down to us. I submit to my right hon. friend that it is very difficult for us to deal with it in this way. It is not a practical way to deal with it, and I ask him in all earnestness if he will not consider the possibility, even at this stage, and before we go ahead with the various sections of the bill, of referring it to a committee.

Let me say to him that if we do pass the bill in the form in which it is we shall not have an opportunity for a number of years properly to revise and bring the bill up to date. We shall have put on record a bill that is more or less permeated with the atmosphere of the legislation which has existed since 1854. We shall probably overlook some vital features in connection with modern navigation and shipping. I think we could have taken care of these things if we applied ourselves to it by taking up a brand new, up to date body of shipping legislation as concurred in by all the other dominions, and I think it would be well for us to wait another year in order to do it.

[Mr. Ralston.]

One last word, and it is this. This is the first piece of legislation that we shall have passed, I think, since the statute of Westminster; I mean directly as a result of it. We have passed trade agreements from time to time.

Mr. BENNETT: And the Naturalization Act, and the Oath of Allegiance Act.

Mr. RALSTON: The Oath of Allegiance Act was a comparatively formal matter, and the Naturalization Act we had dealt with pretty fully before the statute of Westminster. But this is a new departure. For the first time we are passing our own shipping legislation exclusively; doing away with what has been the charter of the seamen's liberty, namely, the Merchant Shipping Act. We are attempting to put on the Canadian statute books what was previously on the British statute books and adopting that as our own. I think we can afford, although it is four years since the statute of Westminster was passed, to go slowly in this respect. This is all-important legislation, affecting not only the sea coasts of this country, but mercantile interests right across Canada. So far as I am personally concerned I would like to see this legislation go through, but if it is impossible to deal with it competently this session I would ask my right hon. friend, first, to consider leaving it over until we have an opportunity of conferences with the other dominions. Secondly, if he feels that that should not be done,—I am not sure that he will not feel that—I suggest that this bill be referred to a special committee until we can see whether it is possible in the time at our disposal to go over the various sections and give them reasonable attention, paying particular attention to the seventy-five new sections which will require considerable work having regard to all the other duties which hon. members of this committee and of this house have to perform.

Mr. DURANLEAU: My hon. friend from Shelburne-Yarmouth made two suggestions: First, that another conference should take place between the different parts of the empire in order to have uniformity of legislation. That conference has already taken place.

Mr. RALSTON: No. I have a copy of the conference of 1929 and of the agreement of 1931, but that was as regards the principles of the legislation. But I am talking about a committee on the legislation itself in order to draft a uniform act embodying those principles.

Mr. DURANLEAU: The different parts of the empire which were represented at that conference did not suggest anything of that kind. Moreover, they all agreed that they would enact legislation along the lines set out in the agreement. These are the words of the agreement:

> His Majesty's governments in the United Kingdom of Great Britain and Northern Ireland, Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, the Irish Free State and Newfoundland, having considered the report of the conference on the operation of Dominion legislation and merchant shipping legislation, 1929, undertake to propose any necessary legislation and take such other steps as may be required for the purpose of giving full effect to the provisions of the present agreement with regard to merchant shipping.

So we are putting before parliament legislation that we have undertaken to enact along the lines suggested by this conference in order to preserve for some time to come uniformity in shipping laws within the empire.

Mr. RALSTON: Does my right hon. friend not know from his conversation and reports he has had there was a discussion about having a committee on commonwealth shipping legislation with regard to both admiralty courts and merchant shipping, that is another conference? Does he say he has not heard of that and it has not been suggested? It is not in the report but that is the way, as I understand it, in which the legislation would be adopted.

Mr. BENNETT: No, I have not.

Mr. DURANLEAU: I never heard of that. The agreement is very precise; we undertook to enact legislation along those lines.

Mr. DUFF: Does the minister mean to say that the Dominion of Newfoundland has enacted legislation similar to this?

Mr. DURANLEAU: I never suggested that.

Mr. BENNETT: It is not a dominion. There were other reasons besides that.

Mr. DUFF: The Prime Minister should not rub that in to me—who, as he knows, was born there,—and the people of that island. Does the minister say that Newfoundland, whether it be a dominion or colony or whatever it may be, has adopted this legislation as it is in this book?

Mr. BENNETT: No.

Mr. DURANLEAU: I never made that statement.

Mr. DUFF: The minister tried to infer that.

Mr. DURANLEAU: All I said was that the different parts of the empire, including Newfoundland, undertook to pass legislation along the lines of that which we have before us to-day.

Mr. DUFF: Does my hon. friend want to have this legislation uniform with that of other parts of the empire? What I am saying is that he made use of the fact that Newfoundland had passed certain legislation. I know Newfoundland has not passed any such legislation as the minister is asking us to pass here to-night.

Mr. DURANLEAU: I have never said that Newfoundland had adopted such legislation as this. I have only stated that she is a party along with every other part of the empire to the agreement of 1931 to pass legislation along the lines mentioned in this agreement. It comprises almost the whole bill, not word for word or detail for detail, but the lines of the legislation.

Mr. DUFF: Has the minister a copy of the Newfoundland legislation? Will he tell us whether it is the same as this or what difference there is? It is not like this at all.

Mr. DURANLEAU: The only thing I say is that we are putting before parliament legislation along the lines adopted by the conference in 1931.

Mr. DUFF: But Newfoundland did not adopt that; they passed legislation of their own which is not at all like this. Will my hon. friend deny that or affirm it?

The CHAIRMAN (Mr. Smith, Cumberland): I would ask the hon. gentleman to address the Chair.

Mr. DUFF: I was addressing the Chair.

Mr. BENNETT: Newfoundland is no longer a dominion.

Mr. DUFF: The Minister of Marine tried to infer that Newfoundland had passed legislation similar to this. Before we go any further I would ask the Minister of Marine to bring before parliament the legislation which Newfoundland passed since the conference spoken of by the Prime Minister, who tried to make out that because Alexander Johnston and Lucien Pacaud, who know nothing about ships or marine matters, signed certain agreements in London, the sailors of this country should stand behind this legislation and have it put through parliament. That is not right. The Newfoundland government had more sense

than to pass any stupid, foolish legislation such as we are being asked to pass to-night and which has been brought down from another part of this parliament.

Mr. VENIOT: Might I ask the minister whether the conference of 1931 which I understand was international, embodied anything that would bind this country to make uniform legislation in so far as coastal navigation within the Dominion of Canada is concerned?

Mr. DURANLEAU: No.

Mr. VENIOT: I understand the minister to say no. Then so far as our coastal regulations are concerned, that is a matter of our own?

Mr. BENNETT: Surely.

Mr. VENIOT: It is in regard to that I am raising the objection. If our coastal regulations and those governing our fishing fleet are embodied in this legislation, let the minister have passed those clauses that come under the jurisdiction, if you like, of the conference of 1931, but in the name of conscience let him give us a chance to consult our constituents in regard to coastal and fishing regulations, let him not impose them on us.

Mr. DURANLEAU: There are no fishing regulations in the bill.

Mr. VENIOT: There are.

Mr. DURANLEAU: I would like my hon. friend to point them out.

Mr. VENIOT: There are definitions as to what a fishing vessel is; there are definitions and clauses defining what a fishing vessel has to do, how she shall register, who shall sail her, who shall be in command, what the sailors shall do. This is right in the bill; the minister cannot deny it.

Mr. DURANLEAU: I think my hon. friend is mistaken.

Mr. VENIOT: I am not mistaken.

Mr. DURANLEAU: As to the fishermen, the same law as heretofore is in this bill. I listened to the hon. member for Antigonish-Guysborough a minute ago state that the fishing boats were bound to have certificated masters.

Mr. DUFF: Quite right.

Mr. DURANLEAU: There is nothing of the kind in the bill. If my hon. friend will read clause 113 he will see that ships solely employed in fishing are exempted from having certificated masters or mates.

[Mr. Duff.]

Mr. VENIOT: Does the minister mean to tell me that he can find any one vessel called a fishing vessel that is solely engaged in the fishing business?

Mr. DURANLEAU: Why not?

Mr. VENIOT: Surely the minister does not wish to leave that impression with the committee. They have their fishing seasons and at other times they are employed at something else. If they are employed at anything else; if they are employed in taking supplies to far off fishing districts and are not engaged on a fishing trip, they come under this legislation. Especially do they come under it if they have an auxiliary attached of over three horsepower; then they have to have a captain with a certificate. More than that, they have to have an engineer.

Mr. DUFF: A certificated engineer.

Mr. DURANLEAU: I think my hon. friend is mistaken.

Mr. VENIOT: I am not mistaken, and I do not care where the minister gets his information. This is in the bill, and I know what its application means.

Mr. DURANLEAU: That does not apply to those small boats.

Mr. VENIOT: Let me give the minister an example. The W. S. Loggie concern at Chatham, New Brunswick, one of the largest fishing concerns in the maritime provinces, own a large number of vessels. They have vessels engaged in fishing and at other times the same boats are engaged in transporting their fish coastwise from one factory to another or to headquarters. Those vessels have auxiliaries. Under this legislation no captain of such a vessel can operate it unless he has a captain's certificate. Let me give another instance. Take the fishermen of Miscou Harbour, using vessels of ten to twenty tons. I think the largest about twenty-five. They fish all season; they will fish during the herring season in the spring and in the fall herring season, and after the fall fishing season they are recognized as freight boats; they transport their product to the markets at Chatham, Newcastle, Bathurst and Campbellton—coastal traffic. They have auxiliaries; they would come under this bill, and the captains will have to have a master's certificate.

Mr. DURANLEAU: The same as the present law.

Mr. VENIOT: No, it is not.

Mr. DUFF: It is not.

Mr. VENIOT: Get the old act and read it. If it is the same law as before, two hundred and seventy-five sail in the fishing fleet in the northern section of New Brunswick, the county I represent, are violating the law every day. I know it is not so; there is no use trying to put the like of that over on us, because we have experience.

Mr. BENNETT: The hon. member for Shelburne-Yarmouth (Mr. Ralston) has suggested that one of three courses might be taken in respect to this legislation. The accuracy of his recital of the historic facts I think no one will question. But we have proceeded with this legislation not idly, just to do something, but because we recognized that there was an obligation upon us with respect to it. We are a maritime community with shores on the Pacific and the Atlantic. When this matter was agreed to in 1931 we prepared a bill, and because of the fact that there are many difficulties involved and we were endeavouring to secure some measure of uniformity with respect to the principles —not the details—I had the draft bill sent to and subsequently discussed it with the officials who are responsible in Great Britain for legislation of this character. Many suggestions were made; some of them we could easily accept, some we could not. Australia has not yet enacted the legislation. I think it is not unfair to say that they expect us to proceed first, because they have coastal difficulties to meet and we have coastal difficulties to meet; but we have in common with them the general principles to be accepted dealing with shipping legislation. Now, the hon. member for Gloucester (Mr. Veniot) has very properly pointed out that with respect to coastal matters there is of course no uniformity. With respect to small details as to the size of ships that require certificated masters there is no suggestion about uniformity being necessary; it is not even hinted. But with respect to the large principles that govern the whole shipping business, obviously the largest shipping country in the world being Great Britain, we are anxious to obtain the benefit of their wide experience. If I say to this committee that I had the privilege of discussing it with those who are regarded as the foremost authorities in the world I but state the simple fact. The solicitors who are responsible for the advice to the various departments in Great Britain that have to deal with this matter were good enough to give us the benefit of their judgment; that advice was in the hands of the minister, and when the minister had the act redrafted we had the benefit of all their experience placed at our disposal in the form of a memorandum that would enable us to proceed in the best possible manner. If, as the hon. member for Antigonish-Guysborough has suggested, this bill is but the product of the paste pot and scissors, obviously the enactment of it is a simple matter. If on the other hand it is a combination of old and new provisions, as it is, this committee will study carefully the terms expressing the meaning of parliament in the light of the existing legislation both in the Merchant Shipping Act and the Canada Shipping Act that we have had for years. It has been suggested that that can better be done by a special committee than in committee of the whole. The practice in England is to take it after second reading in committee of the whole. We have departed from that practice because sometimes we become very garrulous in committees of the whole and have failed to direct our attention to the particular sections under consideration. In Great Britain it is the practice to go into committee of the whole in respect to measures that are government measures, such for instance as the Home Rule bill, local rate bills and matters of that kind. We have recently departed from that practice. In the days of Sir Wilfrid Laurier, when parliament had to deal with the National Transcontinental and the Grand Trunk, it did not send the matter to a special committee but went into committee of the whole house. Delegations do not appear at the bar of the house to represent their views; the government of the day assumes responsibility. That was the practice in this house, but conditions changed and it was thought that to refer a bill to a special committee was the easiest way to get rid of some responsibility.

Mr. RALSTON: It was not done to get rid of responsibility.

Mr. BENNETT: I am not suggesting that was the hon. gentleman's intention.

Mr. RALSTON: That was not the intention of anyone.

Mr. NEILL: It was to deal with technical matters.

Mr. BENNETT: For technical matters the government must assume responsibility.

Mr. RALSTON: I think the Prime Minister conveyed a wrong impression when he suggested that bills were referred to a special committee to escape responsibility. I do not think that was the intention of the government. I think it was because it was considered a better way to deal with them.

Mr. BENNETT: One of the best instances is the Georgian Bay canal bill.

Mr. RALSTON: Well, take the Bank Act.

Mr. BENNETT: The government of the day attempted to evade responsibility by giving the Georgian Bay canal bill second reading to save its face and sending it to the committee for the purpose of seeing it killed, one man voting for it. That is not the practice in the British parliament. In connection with the Bank Act I pointed out the other day that the practice had grown up of dealing with such bills in the manner followed this session. But with respect to this legislation there is no necessity for sending it to any committee. The government of the day assumes the responsibility for the bill. If tonight we had spent the time in passing sections that have been on the statute books of this country for many years we would perhaps have come to the sections to which the hon. member for Gloucester (Mr. Veniot) has referred, although he had no right to refer to them in committee of the whole until they were reached; and then the arguments he has made and the arguments which the hon. member for Antigonish-Guysborough may make may be sufficiently powerful to induce the government to accept their view, and accept it gladly.

Then there is this further point: one must face actualities at some time or other. We have had this bill now considered for three years, two years in form, one year in the nebulous condition of general principles that were to be observed. We have printed and circulated it one session, then rewritten it, reorganized it in the light of views and criticisms received, and the fact that it has been considered in another place is only some evidence that in its present form it has received the best consideration that the men who were charged with responsibility of dealing with it in committee could give to it. I quite agree with what the hon. member for Shelburne-Yarmouth says, that that is no reason why we should shirk our duty with respect to it. I have never asserted that we should. But there is nothing in the bill that should give this house any difficulty if it will apply itself to the consideration of it in the light of the existing legislation and remember that the new sections are not numerous but are important because they confer upon Canada jurisdiction in matters about which some difficulties might have arisen in times past. We wish this to be upon the statute books. If we are ever going to get shipping bills within the other members of the commonwealth it is desirable that this country should take the lead, not for that purpose but because they look to us to do so, and they know that we have had the benefit of the best assistance that could be given to us in Great Britain. We are merely endeavouring to carry out not a compulsory obligation but an undertaking. The minister has just read from the document which the hon. member for Shelburne-Yarmouth has in his hand, a statement of what our obligations were in 1931. It is not a compulsory undertaking that all the dominions would do so; we undertook to do something. Now we have done it. At the end of this bill we have provided that it shall not come into force until proclamation. That is, once enacted as a statute it then becomes something upon which attention may be focused and as to which constructive amendments may be suggested. That section also provides that even the whole of the bill need not be brought into force on proclamation, that parts of it may be proclaimed if so desired. That is section 719, which reads:

> This act shall not come into force until a date to be fixed by proclamation of the governor in council published in the Canada Gazette: provided that he may, in the same manner and from time to time, bring any portion or portions only of this act into force.

I need hardly remind the hon. member for Shelburne-Yarmouth that this is done to meet the very condition to which I have referred. Conditions in various parts of the commonwealth are not the same, but with respect to the large principles of the measure, when we have enacted our measure we proclaim, we will say, one hundred sections that deal with one particular phase. That has met with general approval, and that is the end of it. Later we proclaim another hundred sections, because they have been approved by the various sections of the commonwealth. Finally we may proclaim the remainder. This section is drawn in this way in an endeavour to ensure that effect shall be given to the undertaking which, while as I say it was not compulsory in its character, involved the idea that we would proceed with some degree of reasonable promptitude to give effect to the promise which was made, namely that we would introduce legislation with respect to shipping on certain principles.

There is one other phase of it which is rather important. The schedules or annexes to this legislation, which cover nearly two hundred pages, represent conventions concluded at Geneva, at London and at other places. They are not conventions which we can disregard. Not only did we sign them;

we ratified them. Not only were they ratified by executive action; in the main they have been submitted to and approved by this house.

Mr. RALSTON: Is there anything more needed in that respect?

Mr. BENNETT: I am glad the hon. gentleman mentioned that, because if he will take the trouble to look through the bill he will find that the relation of the shipping act itself to the terms and provisions of the various conventions becomes of considerable importance. There are several sections here; I will not take time to turn them up. We find the words, "subject to the provisions of the load line convention," "subject to the convention dealing with labour matters," using the word in the broad sense, because otherwise you can hardly use it in regard to seamen who are under articles, and so on. Broadly speaking, the provisions of the conventions must be considered. Then you have the questions of signals, rules of navigation, radio communication and matters of that kind. These are covered by conventions, and they are woven into the statute. In large part those are the new sections, because needless to say when the first act was written there was no such thing as radio or communication between sea and shore as we know it. Fog signals were not of the character we now have, and in fact the rules of the road have been changed. The load line convention is related also to the provisions of the statute.

Mr. REID: And the salvage of airships.

Mr. BENNETT: I thank the hon. gentleman; that was the other matter to which my attention was being directed. Following the loss of the Titanic there was a convention dealing with questions of life boats, rafts, life jackets, life buoys and so on. All these matters, while the subjects of conventions, by this statute are woven into the texture of the law, which the committee will observe is altogether different from merely having a convention which baldly declares what we are to do, without weaving it into the statute itself.

It is for these reasons that this provision is inserted in the statute which contemplates that the statute may come into force on proclamation, not necessarily as a whole but one part and then another part, in order that there may be no inconvenience caused to anyone.

May I remind this committee that there are some matters dealt with in this statute that relate to these conventions, and the interrelation between the terms of the conventions and the statute is such that we cannot, without violating our international undertakings. do otherwise than pass the statute in the terms in which it appears. A moment ago the hon. member for Gloucester said something that greatly impressed me. He said, "If this be so, a large number of people are violating the law," presumably without knowing it. As a matter of fact there has been going on in this country continuously, without knowledge, because of changes that have been made in some of these matters, a disregard of the statute, and I think everyone realizes that substantial effort has been made last year and again this year to try to bring to the attention of as many people as possible the fact that we have assumed international obligations. The ex-Minister of Justice (Mr. Lapointe) has been president of the League of Nations Society in Canada. The League of Nations is the organization that promoted these conventions. A moment ago the hon. member for New Westminster (Mr. Reid) made some reference to matters touching the lives of seamen, their articles, their clothing, their food, their care when ill in marine hospitals, the disposition of their property if they died, and so on. All these matters were dealt with in days gone by in Great Britain by the Board of Trade, and the regulations of that body. In these conventions that we have made we have dealt with these very things, and the statute merely endeavours to relate the convention to the enactments of parliament, which of course is of first importance.

Does anyone suggest for a single moment that anyone sitting on this side of the house, with ministerial responsibility, is anxious to undertake unnecessary labour? Does anyone suggest that most of us have not enough to do? We have a duty to discharge: we may not discharge it to the entire satisfaction of hon. gentlemen opposite, but we will have to do the best we can. If I had not believed there was an obligation resting upon us to deal with this legislation I would not have introduced it. It will be recalled that reference was made to this legislation in the speech from the throne. The question of introducing it in this house rather than in another place became important in view of the fact that at this session this house undertook the responsibility with respect to the Bank Act and the Bank of Canada Act, and a committee was sitting that was dealing with matters of great public importance. Under those circumstances we concluded that in another house this bill could best receive, in the first instance, that attention which its

importance demanded. While the hon. member for Comox-Alberni was quite correct in saying that a stenographic report of what took place was not kept, nevertheless during the holidays and over the week-ends selected small subcommittees continued to sit and to deal with every phase of the bill. Draftsmen endeavoured to reconcile the various statutes which had heretofore existed with those which it was desired to enact. Suggestions made by those who had to deal with these matters were considered, and the fact is that in recent times no legislation which has been submitted to either house of parliament has received more consideration than this received in another place. I am not for one single moment endeavouring to assert that because that has been done we are relieved of our responsibility, but I do say that with respect to legislation of this kind these houses of parliament have co-equal jurisdiction, and it is idle to suggest that one house rather than another should receive all the measures of an administration. In fact, I believe as days go by it will be found that the other branch of parliament can be more effectively used than it has been. That is my conviction with respect to it. The idea of setting up a select committee—

Mr. RALSTON: I thought it would be the committee on marine and fisheries.

Mr. BENNETT: The idea of referring this bill to a committee I must, with all deference, disregard at the moment. I suggest that to-morrow, after we have dealt with the resolution on the Franchise Act, we should proceed with this bill and continue to proceed with it on Thursday, on Friday, on Monday and until such time as we have made the necessary progress to enable us to deal with those sections about which there is great controversy.

When there is great controversy and difference of opinion with regard to certain sections, while this government must assume the responsibility for the legislation, I promise this chamber that any reasonable suggestions which are put forward will receive not only every consideration, but if in the view of some hon. members of wide experience in this chamber, it is thought that we should change, modify, amend or deal with a section in any way, we will try to the best of our ability to accommodate ourselves to such view. That is so, because in domestic matters no principle concerns us except the well being of the people as a whole, our own people. I think the hon. member for Shelburne-Yarmouth and myself are at one as to that, that the broad principles embodied in the agreement of 1931 did not deal with our domestic situation at all, our inland lakes, our inland waters or, for instance, lake Winnipeg, the Red river, the Saskatchewan river, or those major rivers and lakes which constitute the great watershed, including lakes Superior and Michigan and the others. But when we deal with what may be called sea-going responsibilities, on the Atlantic and Pacific oceans, we are endeavouring to enact legislation which is prepared to conform to the provisions of international conventions to which we became a party. Whether we acted wisely or not I cannot say, but the late administration as well as the present one must accept the responsibility.

That is all I can usefully say as to the purpose behind and the reasons governing us, and the earnestness of our desire to place legislation upon the statute book not simply to have more work or to supply a gorge of legislation, but rather to do that which we conceive to be our duty to our own people consonant with the obligations of an international character which we have assumed as signatories to various conventions on maritime questions, as well as the obligations which we assumed in 1931.

Mr. RALSTON: I cannot speak with the same authority as has the Prime Minister with regard to the international obligations to which he has referred, but I would take it as this House of Commons has approved of, for instance, the load lines convention and these other conventions that it is possible by regulation to put them into force, and thus carry out any convention obligations which we had. I do not think it is absolutely necessary to pass this legislation in order to make effective those conventions practically all of which have already been accepted by this House of Commons and are I think already in force. That is my first observation, affecting international obligations.

With regard to coastal and inland waters, if I understand my right hon. friend correctly the law outlined in the new bill is practically the same as in the old. If that is so it seems to me the statute as it is to-day is sufficient, and there is no necessity for passing any legislation in that respect.

That leaves only that which my right hon. friend termed sea-going responsibilities, affecting deep sea navigation, our responsibilities on the high seas and with regard to seamen, safety of life, and so on. It seems to me those factors fit in with and are part of the agreement to which he has referred and to which the Minister of Marine has referred. I have read that agreement, and it seems to me

that before legislation is actually brought down consultation is contemplated between the various commonwealths. I find that article 16 in part VI of the British Commonwealth Merchant Shipping Agreement provides:

> The standards of qualification to be required of applicants for certificates of competency and of service shall so far as possible be equal and alike throughout the British commonwealth, and shall not be lower than those at present established.

How can we have uniformity and have them equal and alike unless we have consultation among the different dominions concerned to ascertain what those standards should be?

Mr. BENNETT: After the statute is passed.

Mr. RALSTON: No; that would mean that the only way we could have uniformity is by others passing some kind of statute, and we would have to make our statute uniform with theirs. That is not what this agreement contemplates, neither does it mean that we take the lead and set up a standard for them to follow. I am just trying to point the argument I tried to make, namely that the agreement of 1931 contemplated consultation before our statute was passed. Then, respecting offences on board ship I find in part IX, article 23, of the agreement the following:

> Reciprocal arrangements shall be made for conferring jurisdiction on the lines of section 686 of the Merchant Shipping Act, 1894, with respect to offences committed on board ships registered in any part of the commonwealth.

How can we make reciprocal arrangements without having previous consultation?

Mr. BENNETT: You have to have your statute first.

Mr. RALSTON: I submit not. You have a conference, and pass the statute afterwards. Then, turning to part II, standards of safety, I find the following as article 6:

> While each part of the commonwealth will from time to time determine the standards with which its ships shall be required to comply in all matters relating to safety, every endeavour will be made to preserve uniformity and to maintain the standards at present in force.

You cannot do that without consultation.

Mr. BENNETT: Since then we have an international provision ratified by this house.

Mr. RALSTON: If we have an international provision already ratified we do not need the statute at all.

Mr. DUFF: It is not international. Every British dominion has its own law.

Mr. RALSTON: I suggest this, that notwithstanding what they do in the British House of Commons, we have been dealing through committees with matters such as the one now before us. We dealt with the Bank Act through a committee, and we did the same with the central bank act. My right hon. friend, regardless of constitutional practice, will agree that that is the most efficient parliamentary method of dealing with it. There would be more real progress made if the matter were referred to a committee which could give it intensive study not merely from three o'clock to eleven o'clock, but could sit in the mornings and, if necessary, establish subcommittees.

I am disappointed that the Prime Minister has not seen fit to accept the suggestion, but I have made it in the spirit in which he replied, namely that we are both anxious to get on with the work of the house. I do feel that he defeats that object when at this late date—or, what is supposed to be a late date in the session—he places this voluminous bill on the table of the house and compels us to pass it through committee of the whole.

Progress reported.

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

Wednesday, June 13, 1934

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

TRUST AND LOAN COMPANIES

Mr. GOULET:

1. How many trust companies, loan companies or other companies in Canada are allowed to accept deposits?
2. Are such companies audited by the Department of Finance?

Mr. BENNETT: I direct the attention of the hon. gentleman to the fact that the answer to this question is not within the power of the federal government. The trust companies and loan companies are operating in many instances under provincial charters, and it merely means that we should have to endeavour to secure the information, which I think we should not be asked to do; and the provisions as to audit by the

dominion are provided for in the statutes that we have ourselves enacted dealing with loan and trust companies, over which we have jurisdiction. I think the question should be dropped.

Mr. LAPOINTE: I suppose the hon. member was referring to federal companies.

Mr. BENNETT: No, he was not; that is the point. I asked about that the other day. The returns furnished to parliament cover that.

Question dropped.

FRENCH MOTTOES ON ROYAL COAT OF ARMS

Mr. LAVERGNE:

1. Has the government received any communication from the government of Saskatchewan or from any public bodies or individuals of that province, requesting that the French mottoes: "Dieu et mon droit" and "Honi soit qui mal y pense," be struck out of the royal coat of arms?
2. If so, were such recommendations submitted to His Majesty?
3. What answer, if any, was given by His Majesty?

Mr. BENNETT: May I say that until I had seen this question, no suggestion even of what is indicated by the question had ever been brought to my attention. I have asked each of my colleagues accessible, and they tell me they are in exactly the same position as myself.

CANADIAN VALUE OF JAPANESE YEN

Mr. REID:

What was the value in the Canadian currency placed on the yen by the Department of National Revenue for duty purposes on goods coming into Canada from Japan during each month of the years 1932, 1933, and 1934?

Mr. MATTHEWS: $0·4985—This was proclaimed by order in council—(P.C. 2800) dated 7th November, 1931—and prevailed during each month of the years 1932, 1933 and 1934.

MINGAN, QUEBEC., INDIAN AGENCY

Mr. CASGRAIN:

1. Is the position of Indian agent at Mingan, on the north shore of the St. Lawrence river, vacant?
2. If so, why?
3. Were any complaints lodged against the Indian agent in that locality?
4. If so, what was the nature of such complaints?
5. Who lodged such complaints?

Mr. MURPHY:

1. Filled temporarily.
2. Answered by No. 1.
3. No.
4. and 5. Answered by No. 3.

[Mr. Bennett.]

LOANS TO PROVINCES

Mr. MOTHERWELL:

1. In the agreements between federal government and the three prairie provincial governments, respectively, for the present year, what is the total amount of loans to each province therein provided for?
2. What is the total amount of federal loans forwarded to each such province up to June 1, 1934?
3. At the rate these loans have been going into Saskatchewan for the month of May, 1934 (see filed loans in Votes and Proceedings), will the total amount allocated to Saskatchewan in the agreement above referred to take care of all urgent and estimated requirements throughout that province?

Mr. RHODES:

1. No such agreements have been made. Applications of the provinces for loans are considered from time to time, having regard to special needs and circumstances.

2. Loans to Manitoba, Saskatchewan and Alberta, April 1 to June 1, 1934, were $488,000, $5,000,000 and $1,000,000, respectively.

3. Answered by No. 1.

BORDEN-TORMENTINE FERRY

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): Before the orders of the day are called I desire to direct a question to the hon. Minister of Railways (Mr. Manion). The car ferry ss. Charlottetown of the Borden-Tormentine service is now undergoing repairs in Montreal. This service is being carried on by the ss. Prince Edward, which is not equipped like the ss. Charlottetown for the automobile traffic, and as our tourist trade opens July 1 it is essential for the ss. Charlottetown to be back on the service. My question is: When will the ss. Charlottetown resume the service on the Borden-Tormentine route, and are the repairs to the boat being rushed to completion so that she will be on the service before July 1?

Hon. R. J. MANION (Minister of Railways): The hon. gentleman was good enough to inform me that he would ask this question. I have made inquiries of the management at Montreal and they assure me that the work is being hurried with all possible speed, and that while the boat has been delayed four days owing to the fact that some other ship which was damaged got precedence because of custom in accidents, at the same time the four days will be the only delay. In other words, the Charlottetown should be ready for service by the 27th, instead of the original date, the 23rd. If it is ready for

service on the 27th there is no reason why it should not be on the route by the first of July.

DOMINION FRANCHISE ACT

ELECTORAL FRANCHISE—APPOINTMENT OF FRANCHISE COMMISSIONER—PRINTING OF VOTERS' LISTS

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure respecting the franchise of electors at elections of members of the House of Commons, and to provide for the appointment, salaries, fees and expenses of a dominion franchise commissioner, secretary, registrars, enumerators, and other employees, and to make provision for the printing of voters' lists and other documents.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Mr. GUTHRIE: I should like to offer some explanation in regard to the resolution which you have just read to the committee, Mr. Chairman. As is well known, the present Dominion Elections Act, as it appears in the statutes of Canada, is in the nature of a composite act. It declares the franchise of those persons who are entitled to vote at dominion elections; it also provides for the preparation of voters' lists; third, it provides for the conduct of the election itself.

After an experience under the present act from the time of its original passage in 1921 to the present, I think I am within the judgment of all sections of the committee when I say that the act as it now stands has been proved cumbersome, dilatory and expensive and it has been thought proper to introduce new legislation for the purpose in the first place of having in this country a basic electoral list which will at all times be available in case either of a dissolution of parliament or of a necessity of filling vacancies in the representation in this house as they occur from time to time. Under our present act it requires about sixty days after the dissolution of parliament before the election machinery can all work satisfactorily throughout the dominion and enable us to have a general election. It is true that probably fifty-three to fifty-four days might suffice provided that there be no miscarriage; that all the cogs of the machinery fit accurately and that no mishaps of any kind occur. In the case of byelections the information which I have received from the chief electoral officer is that fifty, or perhaps forty-eight days in a near at hand, compact riding, would suffice for the purpose. It has also come to my knowledge that in the United Kingdom they have a much more expeditious method than we have in this country of bringing on a general election. It is true that distances in the United Kingdom are not very great as compared with those in Canada, but on the other hand they have there a population of over forty million or more than four times as great as ours. I have been told that in the United Kingdom they can dissolve one parliament and seat another in three weeks' time. They have at all times available a final and complete voters' list which can be and is utilized the moment parliament is dissolved.

It has been thought by the government that it would be well to devise some improved method to bring on a general or a byelection in this country in much less time than is necessary at present. The proposal is that the government introduce a bill for the purpose of establishing the franchise of electors for dominion purposes and at the same time of providing for the making and completion of voters' lists which shall be regularly revised and kept up to date and which shall be available at a moment's notice in any part of Canada should a general election or a byelection take place. Under the scheme which is contemplated by the motion now before the committee it is hoped a franchise and voters' list act may be passed through this house and that under the new legislation a general or a byelection may be held in not more than twenty-eight days and possibly in twenty-four or twenty-five days.

The proposal is, briefly, to appoint for the dominion a franchise commissioner who shall have general charge of the franchise and of the preparation of the voters' list; that a basic list shall be undertaken immediately after the prorogation of the present session; that it shall be the duty of that franchise commissioner to appoint in each constituency a revising officer who shall have charge of the preparation and revision of the voters' list in each riding; that the basic list shall be made in the first instance by enumeration. Provision will be made also when the bill is brought down, for the revision of the basic list before the revising officer himself and when the revision has actually taken place and been completed the revising officer will certify the list as revised and return it to the franchise commissioner at Ottawa who shall have custody of all revised lists. This shall constitute the list of voters throughout Canada until there is a subsequent, completely revised voters' list. The suggestion is that the list shall be completely revised every twelve months. The first list will of course

form the basic one; subsequent lists will be a matter of correction and revision where names are to be stricken from or names are to be added to the then existing list, but each year there will be a final and complete list deposited at Ottawa. These lists when returned here shall be printed by the printing bureau at Ottawa for use as may be required on the dissolution of parliament or in case of byelections.

Mr. Speaker, I have now made a general statement of the purpose of the bill which it is intended to introduce. There is no very great variation from the present system except in the matter of the appointment of one commissioner to take general charge, one revising officer in each riding and one enumerator, or more if it should become necessary to appoint more, in each polling division. There is a difference in the present proposal in regard to the method which is adopted in urban municipalities. In an urban municipality we have adopted in principle the clause which has for some years been in force under the statute of British Columbia; that provision is that an applicant for registration in an urban division shall sign a statement at the time he applies to be put on the list. The statement is merely that the applicant possesses the qualifications of an elector, but the important feature about the statement is the signature of the applicant. That signed statement will be placed at the disposal of the returning officer in the appropriate subdivision upon polling day and it will be there for the purpose of identification if necessary of a voter who appears there to vote and who may not be known to those who are in attendance at the polling booth. The voter may be asked to sign his name. This system has been in force in British Columbia for a number of years and I understand has worked very well. To a large extent it will do away with what in Ontario we are accustomed to call "plugging" and in the province of Quebec what I believe they call "telegraphing," and for which in other provinces they term impersonation. It is with the idea of doing away with impersonation, or at least minimizing it, that this particular provision will be included in this bill.

There will be another noticeable feature in the bill applying to cities which have mail delivery and where the street addresses of people are known, the voters' list shall be a geographical list rather than an alphabetical list, that names shall be arranged according to streets and numbers, so that one can see at a glance just who and how many are upon the list for each house upon any street. This system is now in vogue in Ontario, and I believe it has worked well. It has been suggested that in addition to a geographical list an alphabetical list should also be made. Well, the question of expense is the only one to give us any concern in that respect. I have had an estimate made of the cost of an alphabetical list, if we decide to have one in addition to the geographical list. It would cost in the neighbourhood of $300,000 extra, which is a serious consideration, although I admit it would be very convenient to have both lists available at the polling booth or during the election campaign.

I do not think I need go further in explaining the general purport of the franchise act which will be introduced in due course. But this I desire to say, that in regard to this measure we have had some conferences with my right hon. friend and the hon. member for West Edmonton (Mr. Stewart) whom he selected on his side and my hon. friend the Secretary of State (Mr. Cahan) and myself upon this side, with the idea that we might agree upon a good many clauses in the proposal which will be submitted to parliament in the form of a bill. A draft measure was prepared early in the month of May. It was intended that this draft measure should form the basis for discussion, because I think it would be the view of all parties and all members in the house that in this instance we should produce a measure which will prove acceptable in all quarters of the house, one that is fair and above board in every respect. With that end in view a draft was prepared as a basis for subsequent discussion and conferences. The draft was originally in typewritten form, and I asked the draftsman to prepare a sufficient number of printed copies in order that we might have them available when the conferences took place. Two conferences have taken place, I think the first was on Wednesday, the 23rd of May, and the second on the following Monday. And I must say that in my opinion these conferences proved exceedingly satisfactory. We did not agree upon all points but we did agree upon many points and upon many clauses of the bill. There are still some features for discussion, and no doubt for debate when the bill is introduced. However, there is one point, which I wish to emphasize, namely, that the draft which was under discussion when these conferences took place was purely by way of suggestion, purely as a basis of discussion, to see how far we might agree. It was not intended that these proposals constituted

a bill, not even a draft bill, although for the purpose of the conferences a limited number of copies were printed. Two of these copies were handed to my right hon. friend and two retained by me, and I think the other one was retained by Mr. O'Connor who was the draftsman of the measure. At our first conference and as our first decision, we decided unanimously to strike out subsection 3 of section 4, a clause which provided that those who were not familiar with either the English or French language should be disfranchised. We unanimously agreed to strike out that proposal, and it was struck out and has not since been considered as far as I know by anyone.

Our second conclusion—this is a memo I made at the time—was in regard to a clause that provided that Doukhobors should not be entitled to vote. Perhaps before dealing with this subject I had better say a word further in regard to the subject of the French and English language. The house is aware that under the Naturalization Act in this country every person who is naturalized and receives his certificate is entitled to exercise all the privileges of a British subject. But there is also a provision in our Naturalization Act that a man shall not be naturalized unless he is familiar with either the English or the French language. I think it is a matter of some comment that there are in Canada considerable numbers of people who have obtained naturalization certificates and who have no familiarity with either the French or the English language. This has been a matter of comment in the courts of this country, I know it from reading many criminal cases that I have to read. I find that interpreters are constantly employed. Now I have no doubt that the fact of that clause appearing in the Naturalization Act was the reason for placing a somewhat similar clause in the proposed franchise act, which clause, however, by agreement of all parties, has been stricken from the proposal in regard to the franchise measure.

In regard to the section which proposed the disfranchisement of Doukhobors, my right hon. friend immediately raised an objection, and I think we all agreed with him, that that clause could not stand in the form in which it had been drafted. The Doukhobor situation is in itself a peculiar one. It was never intended I think on the part of any one to disfranchise the Doukhobors in Canada, but there were reasons why some special attention should be given to that part of the Doukhobor population which resides in the province of British Columbia. Our experience with the Doukhobors in that province has not been very satisfactory, far from it.

Mr. HANBURY: Only a portion of them.

Mr. GUTHRIE: I am speaking only of what I know. We have at the present time between five and six hundred Doukhobors on Piers island in a penitentiary established for the purpose of imprisoning men and women who have openly defied the laws of this country. In addition to this we had a very unhappy experience with the same communities when we attempted to take the census in the year 1931. In British Columbia it was found impossible to take a census of the Doukhobor population. They openly defied the law. They refused to give names or to answer the questions, they refused to give any information, they threatened the census enumerators with violence. Finally, after very great and protracted efforts, it was decided that we would have to abandon the attempt, and the census of the Doukhobors in British Columbia was not taken. There was an estimate made I believe, but the statistical information furnished was nil. Under such circumstances a serious question arises as to whether or not the Doukhobors in the province of British Columbia should or should not be entitled to the franchise to enable them to vote for members of this house. We know that by the provincial act of British Columbia which we have recognized in our present Dominion election act, certain races are disfranchised. Japanese who live in that province and have received naturalization certificates in Canada are not permitted to vote under our present law. Neither are Chinese; neither are Hindus, who are British subjects by birth. The provincial law provides that these oriental races shall not vote, notwithstanding that they are British subjects, and this parliament for many years has adopted that principle in the Dominion Elections Act.

Mr. MACKENZIE (Vancouver): There is an exception with regard to Japanese returned soldiers.

Mr. GUTHRIE: Yes, there is an exception with regard to those who served in the forces of His Majesty during the late war. Now the question arises whether the clause in the British Columbia act should not be further extended to include those who have openly defied the laws of this country. That is a matter for the consideration of the house when the bill comes before it, but at the conference which we had it was the general opinion

that the clause drafted was not proper and should not be allowed to stand in its present form, though we did not decide on any particular amendment to it. That matter has been left over for further consideration.

On the general principles of the bill I think I may say that we came to some satisfactory conclusions except in regard to perhaps three points. One was in regard to the appointment of a single commissioner, upon which there may be still some discussion. Another was as to the question of a single or double enumeration; that is, the appointment of a single enumerator or two enumerators for the preparation, particularly, of the first or the basic list. I think the other main question upon which we did not reach agreement was the question of an appeal from the revising officer in the riding. It was suggested by my right hon. friend that there should be an appeal to the county or district judge in such cases. The proposal as drafted provided that the decision of the revising officer should be final. There were some other minor changes recommended, and I believe we are prepared to accept them, but they were only as to the matters of detail.

This is as full an explanation as I desire to make at the present time, but the question of disfranchising those who are unable to speak English or French has received a great deal of publicity in western newspapers. Such a proposal was never seriously considered. As soon as the matter came up for discussion it was unanimously stricken out of the bill. I may tell you, Mr. Chairman, and I do not think this is any breach of confidence, that this bill was not presented to the privy council until this week. It has not been thoroughly considered as yet, and I will not be able to introduce it to-day, though I am hopeful that I may do so to-morrow. It is now under consideration. There was no foundation for statements that have been made in the press throughout the west that the government contemplated such a thing. There was only a proposal which the government were considering, and I may say the same with regard to the rumour as to disfranchising Doukhobors. That question was never considered by the government. There were suggestions in the draftsman's copy as I have described, and the conference dealt with it as I have indicated in my remarks this afternoon.

When the bill is presented, perhaps to-morrow or the next day, I think it will be found free from any serious defects. It constitutes a new principle in this country, but I think a sound one. I think it will be justified on the grounds of expedition, of simplicity and of lowering of the cost. It will prove far less burdensome and cumbersome for the candidate than the present law. I think we will find that we can hold general elections throughout Canada in four weeks. There is not the intricate and involved machinery which exists under our present act. There has been a great deal of simplification. Until the bill comes down I need not say any more in regard to it, but briefly I have given an explanation of the motion standing on the order paper.

Mr. MACKENZIE KING: Mr. Chairman, since the Minister of Justice (Mr. Guthrie) has made reference to the conference which took place between himself and the Secretary of State (Mr. Cahan) and myself and my colleague the hon. member for West Edmonton (Mr. Stewart), perhaps I should say a word with regard to the minister's representations in that particular. In a word, though speaking generally, I may say that so far as my recollection of the entire proceedings is concerned, the Minister of Justice has stated the matter accurately.

As the house will remember, I frequently asked the right hon. Prime Minister (Mr. Bennett) when we might expect to have this new electoral measure brought down. Finally, towards the end of April, the Prime Minister stated that very shortly a bill would be printed and that he would see that, as leader of the opposition, I was supplied with a copy. When the bill was printed the Prime Minister had a copy sent to my office, and on the day the copy arrived he stated in the house that it had been so sent. Later in the day, the Prime Minister said to me that he would be pleased if I, together with one of my colleagues, would confer with the Minister of Justice and the Secretary of State concerning the measure. The Prime Minister was careful to state at the time that the purpose of the conference was solely that of considering a draft measure with a view to seeing how much in the way of possible agreement might be arrived at in the introduction of a measure of the kind, and that our conference was to be entirely without prejudice in any direction. That is to say, anything that was said at the conference would not necessarily bind the government with respect to its rights in the matter of the final form of the bill and would not in any way limit the opposition or other parties in the house with respect to proposals and criticisms they might wish to make.

When the hon. member for West Edmonton (Mr. Stewart) and myself met with the Minister of Justice and the Secretary of State,

we were again advised that the measure before us was a draft measure and that neither side would be committed with respect to any suggestions that might be made or with respect, as I understood it, to any conclusions that might be reached. We were simply to endeavour to see how far our minds might be brought to be as one with respect to the measure as drafted. As the Minister of Justice has stated, the draftsman, Mr. O'Connor, was present at the two conferences that took place, and was consulted with respect to the intent and meaning of different clauses.

On these matters I think there is no point of difference between us. If I have omitted to refer to any phase of either of the interviews which either the Secretary of State or the Minister of Justice would expect me to mention I should be glad to be reminded of it and to say what may seem necessary by way of comment.

In what I have now to say, Mr. Chairman, I presume I must confine myself, not to my remembrance of the draft bill, but rather to what the Minister of Justice has just said in regard to the proposed measure. My hon. friend has intimated that the present elections act is really three measures combined in one, that it is an act with respect to the franchise, an act with respect to the preparation of voters' lists, and also an act with respect to the machinery for the conduct of the elections themselves. He has stated further that the present measure is to take out of the general act as it now stands those parts which relate to the franchise and to the preparation of electoral lists. I see no objection whatever to that step being taken. I believe that will tend in the direction of simplification and, if done by agreement as I believe we should find it possible to do, it should be all to the good in a simplifying and understanding of electoral procedure.

May I deal with the first two main divisions which, I assume, are the only ones we have to consider, namely those pertaining to the franchise, and the preparation of the voters' lists. As I understand the matter, it is the government's intention in other particulars to leave the elections act as it is, and to make only such changes as may be consequent upon what may be decided upon with respect to the franchise, and the preparation of the lists.

As to the franchise, may I say that I do not believe there is a necessity for altering in any particular the franchise as it now stands. I noticed that in his remarks this afternoon the Minister of Justice has not indicated any changes to be made in that respect.

Mr. BENNETT: Except the difficulty in British Columbia.

Mr. MACKENZIE KING: The Prime Minister mentions the difficulty in British Columbia; I presume he means the difficulty with respect to the Doukhobors in that province.

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: Yes, that is the only possible change in regard to the franchise, and it is a matter which may easily be considered when we have the clause before us. If we leave that matter out of account, and it is understood that so far as the franchise is concerned the new measure will be in all particulars the same as the present act, that will be entirely satisfactory.

The one further matter for consideration or perhaps I should say the one real matter for consideration is the preparation of the lists and the changes which may be consequent thereon. As to the objective, namely the obtaining of a closed list which will be available at any moment for the purposes either of a general election or a by-election, I would say that personally I agree with the Minister of Justice when he states that a closed list is preferable to the kind of lists we have had heretofore, provided that its preparation can be made in a manner which will be obviously fair to all concerned. I believe that such will be the general concensus of view of hon. members in this chamber. After all, the elections are part of the machinery of governments, as such, necessary liabilities arising therefrom should be made as largely as possible a public obligation. I believe it is only reasonable and right that so far as possible the expense placed upon those who are nominated candidates should be made as light as possible, and that other onerous features of a general election, so far as the candidate is concerned, should be lightened as much as possible. I believe they can be lightened very considerably. All hon. members in this house know that in the conduct of elections, with matters as they now stand, to a great extent the burden of the preparation of lists and expenses incidental thereto falls upon the candidate. It is a cumbersome and costly duty, and prevents that amount of attention being given to public issues by candidates which should be given since it necessitates their giving attention to a great deal of the details of organization which, if it can be made such, should be a public liability since it is a matter of public concern. In this regard I believe the present act might be considerably improved.

The Minister of Justice has referred to the preparation of electoral lists in geographical form, and the suggestion has been made that they might also be made out alphabetically. He has intimated, however, that by this considerable additional expense would be entailed. May I say to him that, when one considers the public necessity of having an election conducted as much aboveboard and with as little confusion as possible, the expense is relatively trifling. If the preparation of alphabetical lists as well as geographical lists would help to enable candidates and electors the more readily to ascertain whether or not names are on the lists, and whether or not lists have been properly prepared, I believe there is every reason why there should be both lists. That is a matter, however, upon which I imagine there will not be much difficulty in reaching an agreement.

May I say the justice of a measure of this kind will depend on two things, first the manner in which the lists themselves are originally prepared, and second, whether in relation to the time that a general election is to be held, the preparation is made in such a way as to avoid possible pressure and confusion resulting from the preparation of the lists at the time the election itself is being held. I can see where, if the act were so to be administered that the preparation of the basic list would be taking place at the time that candidates were being placed in the field, and being nominated in a general election which had already been proclaimed, an impossible situation might be developed, so far as confusion and the possibility of mistakes and unfair dealings are concerned. If, however, the basic list, the first list of all, is prepared in advance of the time of the proclamation of an election, and the work completed in its entirety so that an election may be brought on a short time thereafter, it should be all to the good. I think there is everything to be said for having lists completed in a satisfactory way before an election is announced, thereby reducing to as short a period as will best serve the public interest the time necessary for the election itself. I believe that the bill in these particulars can be made acceptable.

The Minister of Justice has referred to the fact that in the preparation of the lists under the measure to be introduced, the government proposes to have but one set of enumerators, or rather that the revising officers who will be appointed by the franchise commissioner, who will be an appointee either by joint agreement or by the government—

Mr. BENNETT: By parliament.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: Yes—that the revising officers will appoint only one set of enumerators, and not follow the practice which was followed in the last enumeration, upon which occasion two sets of enumerators were chosen as a result of a conference between the different political parties. I believe that would be a great mistake, and would be a double mistake because the government is proposing to add a further obligation with respect to the right of voting, namely that of obliging all electors to register or sign their names. They will have to sign a document. I must say that if the obtaining of signatures from voters is to be at the instance only of enumerators, appointed by the government itself, through its officers, there would be in the minds of everyone great reason to suspect the manner in which the lists were being prepared. In fact, I believe I have only to suggest, to make this apparent, what would be the obvious thought in the mind of any hon. member in this house as to what would occur in most cases where the enumerator of one political party went to the residences of persons who belonged to an opposite political party and asked for their signatures to documents to entitle them to vote. If the enumerator happened to be, as perhaps unfortunately many are certain to be partisan political workers, there might be an altercation between the persons asked to sign the document and the enumerator himself. If there is to be any signing of documents, it should be done in the presence of witnesses, and there ought to be at least two enumerators representative of different political parties, who should be obliged to go together, and who would be able and obliged to act and certify as witnesses to the signatures obtained. Otherwise many signatures most certainly will be suspected. A question might well arise as to whether or not an application had ever been signed; as to whether a signature was genuine or not. Each enumerator should be obliged to initial the signatures as they are obtained. If there were two enumerators chosen by representatives of different political parties who were obliged to go together and initial all signatures, I believe many evasions and mistakes and complaints will be avoided.

In addition to these reasons, I believe it will be found necessary in the circumstance of obtaining signatures that there should be one enumerator, if I may use the expression, who will be regarded as a friendly enumerator, one who is in a position to give the assurance that the signing of the particular form presented is really in the interests of the elector himself. I can see where there is

going to be a great handicap, and a real difficulty, in limiting the right to vote to those only who have already signed an application for the purpose.

Mr. BENNETT: Only in urban communities. It worked all right in British Columbia.

Mr. MACKENZIE KING: It has worked in British Columbia, my right hon. friend says, but it will be new in other provinces, and I believe that the utmost industry and care will have to be taken in securing signatures, and in ensuring that as regards everyone, who ought to be included, so far as it is humanly possible to have their names included, that they are included in the lists.

Another feature that the Minister of Justice has mentioned and which I think ought to be very carefully considered is the right of appeal. The minister has said that, as matters now stand, the revising officer will take the lists as prepared by the enumerators, and that they will be the lists for the purposes of the election. The revising officers, let it be repeated, will, if the act remains in its present form, be the sole arbiters. There will be no appeal, no opportunity of having any revision, if a name does not happen to be on or has been erroneously inserted at the time the revising officer sends in the return. I certainly think there ought to be an appeal to a county court judge. If there is not, we will simply be returning to the old condition of affairs where, under the administration of Sir John A. Macdonald, revising barristers were appointed in the different constituencies. To that proposed procedure, it will be remembered by those who recall the times, there was the strongest objection raised in this house by all except those who sat on the government side. If I recollect aright, from a past reading of the debates, this House of Commons was kept in session for several days through objection to just that very feature of allowing revising barristers to have the final say as to whose names were to be on the list and not permitting an appeal to the county court. The Minister of Justice, was not in the house at the time, he came in shortly after but perhaps he will recall the circumstances better than anyone else. It certainly was not until the government permitted an appeal to a county court judge that the long blockade which took place at that time was lifted and the measure finally passed the house. If we are to agree on a measure of this kind, it ought to be possible at this time to take a step that many years ago was found absolutely necessary and in the public interest.

What I have said touches only some of the points that have been mentioned by the Minister of Justice. When we are in committee on the bill I perhaps will have more to say on other features. But I should like to repeat now that such discussion as took place between members of the government opposite and myself and the member for West Edmonton was wholly tentative and without prejudice, and was, I should also say, in entire confidence, a confidence which I believe has been respected by all who were parties to it.

The Minister of Justice has referred to rumours that were afloat in different parts of the country. May I say that I noticed those rumours myself, and, as a matter of fact, it was my having drawn the Prime Minister's attention to the circumstance that the press already appeared to have a copy of the proposed bill, which led the Prime Minister to say he regretted that the press had published something that purported to be this bill, and to say he could not understand how they possibly had got hold of any such measure.

I would also say—I do not know whether I pointed it out at the time to the Minister of Justice and the Secretary of State—but recalling that our first interview, was on May 23, that before that interview had taken place at all, I saw in the papers of this city statements purporting to give the government's reasons for obliging those whose names were to be placed on the lists to have a knowledge of the French and English languages, and also referring to the Doukhobor matter. The news item was so worded as to indicate that it had been inspired by the administration with a view to putting forward its point of view. I do not imagine for one moment that such was the case, but the language of the interview is there, and that was before any conference at all had taken place. I think it was unfortunate that what was part of a draft, or may have been thought to have been part of the draft of the measure, has been discussed in advance, but certainly, so far as hon. members on this side of the house are concerned, I believe that any who have referred to that phase of it have drawn their inferences from the common sources which we have all seen, namely the reports which appeared in the press in advance.

Mr. ROBERT GARDINER (Acadia): Mr. Chairman, I was very much interested indeed in the explanation which the Minister of Justice gave of the proposed legislation which is to be founded on this resolution. It would appear to me that there are two important

points which this house must keep in mind when considering any changes in the franchise act or in the electoral machinery which we may devise for the purpose of expediting elections.

First, we must safeguard the franchise of the electors. That in my judgment is the most important function of this house, and irrespective of the manner in which the lists may be prepared this house must see to it at all times that the name of every elector who is entitled to vote must be placed on the list if he so desires. Any legislation that falls short of that will in my judgment be a retrograde step and detrimental not only to the standing of the members of this house but to the country as a whole.

So far as the other point is concerned, namely, the reduction of the time that is necessary between the issuing of the writs and the day of the election, I believe that that is all to the good. My judgment is that elections in this country in the past have been carried on over too long a period of time, and if we can reduce the time necessary to give the electorate an opportunity of weighing all the circumstances and the proposals of the various parties who may be appealing to them, if the campaign can be confined to the time suggested by the Minister of Justice, about four weeks, that again would be a step in the right direction that I believe would be beneficial to all.

The only other point with which I wish to deal at the present time is this conference that took place between the government representatives and the official opposition. It seems to me, Mr. Chairman, that there is a decided move on the part of the two major parties at the present time to ignore third and fourth and even more parties in the field at the present time, and not only to ignore them but to organize against them. In so far as the remarks of the leader of the opposition are concerned, he even went so far as to discuss the possibility of an understanding between the two major parties. In so far as the group in this corner of the house is concerned we wish to register our strong protest against any such proceedings because we recognize the fact that not only in Canada but the world over, because of the difference of opinion with regard to economic conditions, there is a growing tendency for more and more groups and more and more parties to come into the field. This house must recognize that fact, and give those parties and those groups the same standing and the same consideration that they expect to receive themselves.

[Mr. Gardiner.]

Mr. MACKENZIE KING: With regard to the remarks of the hon. member who has just taken his seat (Mr. Gardiner) I would remind the house that the action of the Prime Minister in stating that he would send a copy of the bill to myself, with a view to a conference, was made on the floor of the house in the hearing of hon. gentlemen in the far corner as well as of everyone else. At the time I rather expected that my hon. friend would rise and ask why he also was not receiving a copy of the bill; but the fact that he did not do so led me to believe that he had his own reason for not so asking. It is perfectly clear and within the memory of all who were present at the time that any action taken in the matter was taken in the presence and with the knowledge of everyone. More than that, the press reported each time there had been a conference, and on neither occasion did hon. gentlemen in the far corner rise and inquire why they had not been requested to participate in the conference. So far as I was concerned, as leader of the opposition, I was seeking to accommodate the government, as I believe they were seeking to accommodate the house. As to the reasons why my hon. friends may not have wished to be accommodated, of course I cannot say.

Mr. GARLAND (Bow River): I resent these words from the leader of the opposition. We had never been invited to take part in the conference and it is not our part to butt in on the private arrangements of the two political parties.

Mr. MACKENZIE KING: There were no private arrangements.

Mr. GARLAND (Bow River): This is one of the most disgraceful incidents that have occurred in my recollection in this house,—parties coming together to frame a bill of this importance without consulting a group in this corner who very shortly will be the government of this country.

Some hon. MEMBERS: Oh, oh.

Mr. GARLAND (Bow River): The loud laugh bespeaks the vacant mind.

Mr. MOTHERWELL: That is an old chestnut.

Mr. GARLAND (Bow River): I submit that both parties, had they desired that unanimity and cooperation expressed in the opening words of the Minister of Justice, would have been well advised at least to have extended to us the courtesy of refusing, if we were mad or stupid enough to do such a

thing. I can assure the government that we are always willing at any time to cooperate with them in the consideration of any measure which they may propose to bring before the house. I think it is an affront to the intelligence of the house itself that this sort of thing has been going on, and it is certainly an insult to the people whom we represent here.

I have this further word to say. If the principle that violation of the law is cause for disfranchisement laid down by the Minister of Justice is to be binding, or is to become a precedent for subsequent extension, then I warn the minister and the government that they are stepping into very dangerous ground which some day will bring trouble upon them and upon the country. Remember, I am not objecting to the disfranchisement of persons guilty of particular and specified types of crime, but if this thing is to be done as the result of a violation of the law, it will be unjust. I submit the thought, Mr. Chairman, for your consideration and that of the house, that if violation of laws is to disfranchise people, the only supporters in the country of a political party would probably be those behind ourselves in this group. That is rather a consideration that might enter into the minds of hon. gentlemen.

Mr. LAPOINTE: What immodesty.

Mr. GARLAND (Bow River): It is not immodesty; it is a fact. And if hon. gentlemen would read with more earnestness the evidence given before the Stevens committee they might be convinced that what I have said has a large measure of truth behind it. This matter has been utterly unfair from the beginning. I knew nothing whatever about these conferences; I heard nothing about them, and if there has been any exchange of bills between the government and the opposition, it surely should have been a matter of courtesy on the part of the government to have given us a copy. And since the leader of the opposition is such a lover of liberty and equality, I should imagine that he would have suggested the thought to the government, since they had not volunteered to extend us that courtesy. It is not fair, nor is it calculated to stimulate that spirit of good will and cooperation in the house which is certainly desirable.

Mr. MACKENZIE KING: I am sure the hon. member for Bow River will hardly think it was part of my duty or privilege to extend him any invitations on behalf of the government. My duty consisted in either accepting or refusing—

Mr. GARLAND (Bow River): I made myself very clear.

Mr. MACKENZIE KING: The hon. gentleman said he thought that I ought to have preferred certain requests. I felt that if any invitations were being issued, and inasmuch as the government was issuing them my responsibility consisted in either accepting or refusing the invitation extended. As regards the question of the hon. gentleman not having had any knowledge of the matter, as I have already pointed out, the Prime Minister's statement was made in this house —and it appears in Hansard—that he was sending a copy of the bill to myself.

Mr. BENNETT: I said it twice.

Mr. MACKENZIE KING: As to my being an advocate of liberty, I have always felt, so far as the C.C.F. is concerned, that from the point of view of liberty they would prefer to make their own requests rather than have me make any on their behalf.

Mr. BENNETT: I desire to corroborate, if corroboration is necessary, the statement made by the leader of the opposition (Mr. Mackenzie King) as to what transpired in connection with this bill. I stated in this chamber that I proposed to give him a copy of it. I later indicated to him in this chamber again that I proposed to do so, and I did so. I did that because he is the only leader of the opposition recognized by law at the present moment. Which leader was I to select other than the official leader of the opposition? He occupies a statutory position; he is recognized as such, and is provided with certain emoluments as a minister of the crown. Now, which leader of the other oppositions was one to select? The hon. member for Acadia (Mr. Gardiner) has been perfectly fair; he spoke of four or five parties. Was I to send an invitation to the hon. member for Acadia, the hon. member for Winnipeg North Centre (Mr. Woodsworth), the hon. member for Bow River (Mr. Garland), the hon. member for Labelle (Mr. Bourassa), or the hon. member for Southeast Grey (Miss Macphail)? And I was forgetting the hon. member for Comox-Alberni (Mr. Neill).

I did what I fancy any leader of a government would have done under similar circumstances, and I may say to my hon. friends in the southeast corner that the very reason I did it publicly in this house was to afford an opportunity for any statement to be made, if that was thought desirable, by others representing other sections or parties.

I confess that as to the number of parties in this house I have no clear understanding.

In my capacity I know only the official leader of the opposition, who appears in the statute and is provided for therein, and I must treat him as such. And I do. But when you ask me to deal with the hon. member for Acadia to-day, and peradventure the hon. member for Bow River to-morrow, and possibly the member for Labelle or the member for Comox-Alberni as leaders of parties, I find it a little difficult to understand where I am at. Under these circumstances I did what any member in this house in my position would have done.

Mr. MACKENZIE (Vancouver): The bill is still before the house.

Mr. BENNETT: I am coming to that. I stood in my place twice and said that I proposed to give a copy to the leader of the opposition, and no observations having been made, no suggestions, as sometimes has been the case in other matters, I thought that probably, for reasons that have been stated to-day, hon. gentlemen did not desire to participate in any discussions of the bill. At any rate, that is the fact.

The difficulties that we have had in dealing with this matter have been accentuated by statements that have appeared in the press. I did make a statement in the house with respect to what had appeared in one of the local papers. I have not yet ascertained the source of that paper's information, but that was based upon what we call our typewritten statement of points that had to be considered, which was subsequently set up in type, in the form these matters have always taken. We did not direct the form; it came to us in the form of a bill. That first one we had before us, and there were other points being pressed upon us.

The draftsman of the bill was asked to deal with all the points that might arise for consideration. Two of them were embodied as clauses not in the bill that it is proposed to submit to the house but in the rough draft of a bill that was discussed at a conference between the leader of the opposition and the Minister of Justice and his associates. The unfortunate telegrams that were sent to western Canada I cannot think were calculated to advance the interests of democracy. In one instance the correspondent of the paper alleged that his information came from official sources. In the other instance he quoted a section of what he said was a bill. There is only one way in which a document becomes a bill and that is on its introduction into the house as such. Since I have been in office I have found drafts of bills that were considered and thought of but that never saw the light of day. I know one many years old that is in the privy council office. These bills were outlines of ideas that were in the minds of some ministers who thought those ideas might be adopted. But until they are introduced into the house, they are not bills in the exact sense of the term. When at this time the government had a draft bill ready which it proposed to introduce, that was made use of to create passions and prejudices in certain quarters against the government and against certain candidates in an election in Saskatchewan. We can, however, eliminate that for the moment; the explanation has been made and it is not necessary to deal with the matter further.

But I have had some difficulty personally with regard to one phase of this question and I think it is a phase to which the hon. member for Bow River (Mr. Garland) has just referred: that is, under this legislation shall a body of lawbreakers who have successfully flouted the law be dealt with when it comes to a question of the franchise? One hesitates to deal with this by name because it is undesirable to mention by name. How are we to use terms so general as to be able to meet the situation? There was no intention of dealing with any sect within any province other than those in British Columbia. The difficulty is that we have for the first time in this country a successful and open defiance of the law, because it was successful, I am sorry to say. I now relate to the committee what I have not done before. When the census was being taken it gave His Majesty's ministers and council a great many hours of difficulty to determine how we were going to deal with this situation. It is very wrong to let people think they can openly and successfully flout the law of Canada; on the other hand, is it worth while to send an armed force of police and others at great expense and with much publicity to overcome this resistance? In the next place, if you overcome their resistance you cannot compel them to give you the accurate information that the census returns require. Finally, we secured the best estimate we could as to the numbers of men, women and children comprised in the colonies and as hon. members know, the house gave to the minister the necessary financial support to establish a special penitentiary on the Pacific coast where there are now, I believe, upwards of five hundred incarcerated.

Just what language should be used and whether such a provision should be made at all, is a matter that has been up for consideration and has been carefully studied, and I

say frankly that we have not yet been able to arrive at an adequate solution. The problem is a very difficult one. At one time I thought of asking my colleague the Minister of Justice to leave a blank clause and to indicate what had to be dealt with, but as he very properly pointed out to me, that is not a sound way to introduce legislation. The matter is still giving us much thought and we are meeting to-night for the purpose of trying to arrive at some method with which to deal with it. I have very frankly, without any restraint, given the committee the facts regarding this problem.

With regard to the other point about which so much political capital has been made in some parts of the country, I suppose it must be within the knowledge of many members that we have had many and great difficulties in our courts. The Minister of Justice referred to his difficulty in reading reports of cases. There is the difficulty of securing an interpreter who is conversant with both English and the language of the person who is before the court in either criminal or civil proceedings. As the Naturalization Act provides that the granting of a certificate is predicated upon an adequate knowledge of either English or French, the question has been put to me and, I fancy, to many members on the other side as to what method should be adopted. The draftsman drew that clause for the purpose of having it discussed.

I may say that when I handed the proposed bill to the leader of the opposition I had not even read it in detail; it has not been before council and the bill was not before council until after the discussion in conference took place. It was agreed that council alone could not deal with it, but I say to the committee that it raises a problem of very considerable magnitude. If people go about and try to raise passions and prejudices by saying that parliament is endeavouring to take away from persons the rights and privileges they enjoy, that argues ill for democracy and for its future. If the fact that an effort is made to ensure that there shall be some understanding of the country's institutions, proceedings and matters of that kind by those who exercise the right of franchise, is to be made the reason for arousing prejudices against the government, then of course you do not get very far with improving conditions; that is all there is about that. That is how that matter came up. I fancy there are in western Canada very few lawyers who have not had at some time or another a judge speak to them about this question. At times it has been found a little difficult to proceed because of inability to secure an interpreter who would be able with sufficient mastery of English and the language of the settler to place the matter properly before the court. It must be remembered that these people are British subjects under the naturalization law. Sometimes when we express opinions with regard to some of these matters we are not quite familiar with all circumstances and difficulties with which we have to deal. Those were two problems that were mentioned to the draftsman as having been pressed upon the attention of the government. He made the notation on them in the manner in which the committee has it and it was dealt with at the little conference in the way indicated.

With respect to the matter mentioned by the leader of the opposition as to the two enumerators, I quite appreciate the force of his observation and of his argument with regard to an appeal to a judge. I do not think there will be any difficulty in that connection. The only reason it was left in the form in which it is, that is that it was not dealt with at all, is this: there were two considerations that should be brought to the attention of the committee before it is finally disposed of. One is the question of time; there must be no undue delay with respect to the matter, otherwise there would never be finality with regard to the lists; the other was to provide for simplicity of appeal, if possible without expense. Those two factors must be borne in mind and in addition, if there is a considerable body of appeals, you have the civil business of the district or county court judge to deal with in considering matters of this kind. I speak feelingly about this because under our present statute it became necessary to take appeals on several occasions; there was one instance in which I was interested and the delays were so considerable as to cause great difficulty to members of the house. The effort here—not the effort of the government only but the effort of this house, if they receive the measure which the Minister of Justice will submit to them—the collective effort of this house, without the government having any fixed ideas as to what is best, but hoping that the house itself will express its opinion as to what is best, will be to secure an honest expression of public opinion with respect to matters that are submitted to them at a general or by-election as the case may be. Now, I know the difficulties; I have not run in as many elections as I have without knowing the intolerable expense that candidates are put to in checking up existing lists under present conditions. A few hundred dollars would pay a candidate's entire election expenses in

my constituency of West Calgary except for this. But in the last election checking up those lists literally cost me thousands of dollars. It is an exceedingly difficult thing. And I fancy that experience in a big city confirms that. One of my friends told me that in one of the large cities the cost was absolutely prohibitive. Those are the factors that we have in mind. The plan of having the elector sign his or her name was suggested to the House of Commons in 1917 or thereabouts—I am not sure whether to the house or to the government—but it was felt at that time that that would be too cumbersome a thing, and nothing was done. British Columbia adopted that plan and found it worked satisfactorily, because there is room on the sheet signed by the elector for him or her to sign again, so that the question of impersonation can be settled at once by comparison of the two signatures. What the right hon. gentleman has said as to the desirability, nay the necessity of the authenticity of the first signature being established is beyond question.

Mr. MERCIER (Outremont): Has that clause been effective in British Columbia?

Mr. BENNETT: I am told that it has rendered almost insignificant the number of cases in which it had to be used, because they knew it was there.

Mr. VENIOT: It scared them.

Mr. BENNETT: Yes, the fact of it being there had a deterrent effect. That is my information. I think Hon. Mr. Oliver put it on the statute book. I recall discussions that have taken place with many public men on both sides of politics at various times as to how this situation could be met, and this is the method we have adopted. I but state what is known to many people; I remember being told by a friend of mine that he had seen someone off on the train who had voted forty-seven times that day.

Mr. JACOBS: He took the train at once, did he?

Mr. BENNETT: He certainly did. I merely mention that; it was not in the west. I am bound to say that in the west very little of that happens. I say that in no sense of pride but merely as a statement of fact; I suppose it arises from the fact that we are not very numerous out there and therefore we know one another, the scrutineers are sufficiently acquainted with the people of the district in which they live to know quite well if a person came down to vote in my name who in fact was not myself. I am told for instance that in one election in one of the great cities of this country several leading citizens appeared to vote and found that their votes had already been cast. They call that "telegraphing." Then I was informed not long since that in one of the great cities of the world, not in Canada, complete outfits of stage properties, wigs and clothes, were provided for the purpose of carrying on telegraphing on a very large scale during the whole day of an election. This is an effort to stop that. It has been found effective as a deterrent in British Columbia; I believe it will be here.

On the question of appeal I do not anticipate that there will be any difficulty, providing we surround it with some safeguards that will make it clear that it is not to be used to bring about undue delay. I would like to point out that in England the revising barristers complete the work and do it in a very satisfactory way. Under extraordinary conditions there is provision for appeal—there was, I am not sure about the present law. The revising officers in the counties in England are paid a fairly reasonable stipend. I hope we shall be able to do the work in this country without undue expense, although as I said to the leader of the opposition, and say publicly here, I do not think that we should worry very much about spending a few dollars to secure decent lists in a country like this if we are to make our contribution to democracy. I hold that very strongly.

I have only this to add, that I deprecate more than I can say that an effort should have been made by false statements—because no bill has yet been submitted to this house—to create a prejudice in the minds of people whom we are trying to develop into good Canadians. The best way to develop them into good Canadians is to indicate as clearly as possible that they will be fairly and honourably and honestly treated, but that the same treatment is accorded to them as to others in this country. And secondly I regret, that it should be thought necessary to suggest that because we had to deal with an extraordinary condition in British Columbia, of which I have not yet found a solution that is satisfactory to me at least, that thereby it was thought that we were endeavouring to insert the thin end of the wedge to disfranchise people with whom we were not pleased. I realize the strength of every observation made by the hon. member for Bow River, nevertheless I do think that the peculiar circumstances of this case require that something be done to assert the supremacy of the law against those who have so deliberately, so defiantly and so successfully, flouted it.

Mr. MOTHERWELL: As one of the younger members of this house, both as to length of service and length of years, I was naturally very much interested in the beautiful presentation of the case by the hon. Minister of Justice (Mr. Guthrie). Everything he said indicated fairness itself. It was rather unfortunate that it reminded me of an equally beautiful speech by the right hon. leader of the government (Mr. Bennett) last year on the introduction of the redistribution bill. I have recollections yet of the cold steel that was used on that occasion, and I was wondering if we are due for similar disillusionment following the beautiful speech this afternoon of the Minister of Justice. Any how I know something about closed lists; nobody is going to fool me about them, when they are conducted with one government enumerator. It was because it was so obviously unfair in some cases with some enumerators that the government in 1930 gave the opposition an enumerator. In all my political experience I do not know of the opposition ever being given such a fair opportunity as that. That was fairness in action, not merely in words.

Well now, I would like to look up the history of closed election lists in Canada. We had a closed list in Canada once, in 1896. I remember it well, and it was when the government of that day also had its back to the wall. And it was a dandy closed list. I was a scrutineer at a poll and I know what was done the night before. I would have to look up the election law and see whether that election in the west was held within the law, before I would care to say much more about it. But I would suggest to the ministry that fair words alone do not go very far in politics. I would like them to give us an opportunity to look into this matter; let it ride a little while until we look into the statutes of former years and possibly consult our constituents and see what they think about this. The year 1896 is a long time ago; there are very few people voting to-day who recall what happened then, so I would like this bill not to be rushed too rapidly. Do not let us get into a trance by mere fair words. We got out of any trance we may have been in last year on the redistribution bill mighty quick, and I am prepared to get out of any trance that I may be in now, although I do not think I am in any.

Mr. POWER: Since I was fairly closely connected with the revision of the present act, Mr. Chairman, perhaps I may be permitted to make a few observations with respect to the bill shortly to be before the house. And may I say that in doing so I wish to carry on the tradition which was established in that committee, namely that of looking at these problems in an effort to take politics out of elections or elections out of politics, as you may choose to put it. I believe that it is not in the best interests of any party in power to endeavour to take advantage of its majority to bring in legislation which might have the effect of giving to the opposition party or to any opposite parties an opportunity of telling the people of this country that they have been unfairly dealt with in the making up of the lists or in the conduct of the elections themselves. I think it is a sound political axiom that it is to the advantage of an opposition to go into an election campaign with a grievance as to the manner in which they have been treated. That this axiom is sound I think has been well exemplified this afternoon, when the only non-political party in the house has seen fit to take advantage of an apparent oversight in order to begin the discussion of this bill with a chip on its shoulder.

Following the point of view I have laid before the committee may I say that in many respects I think this bill deserves the commendation of hon. members. The first good point is the shortness of the time during which an election campaign will be waged. There is no doubt in the minds of most of us that a campaign lasting fifty-eight days, as is necessary under the act we now have, is far too long not only for the members of parliament but also for the people of this country. They sicken of the discussion of political issues; they become confused and in the end, I have no doubt, make up their minds all of a sudden, without giving to the questions before them that consideration which I think would be given if they had a shorter time in which to consider them. This may sound paradoxical, but I believe that because the time is of such great length the people tend to become confused and do not give the clear, sound, sane judgment which they should on the matters brought before them.

I cannot commend the government too highly on the effort they are making, though it may not be entirely successful, to do away with personation, plugging, telegraphing or whatever it may be called. Perhaps all the members of this house have not had the experience some of us have had in some of the cities of the province from which I come. I think, however, that members from the cities of Montreal and Quebec, and perhaps even from Toronto, will frankly admit that it has

reached the point where it is very easy for those who have the organization, those who lack conscience and those who have ability in that direction to cheat the will of the people and elect persons to this parliament who are not entitled to be elected.

Mr. PORTEOUS: That reflects on the house.

Mr. POWER: This may reflect on the house, but we are speaking frankly and discussing this bill from a non-partisan standpoint. Anyone who has taken part in the elections in the cities of my province will agree with what I have said. I am told, though I have no authority for saying so, that this condition exists in some cities of Ontario, but my information is similar to that expressed by the Prime Minister (Mr. Bennett) this afternoon, that the custom of telegraphing, of plugging and so on obtains less and less as one travels towards the west. It may be, as the Prime Minister has said, that the western people know one another better, or it may be that they are not so well versed in the degenerate arts of politics as those of us who have had more to do with them in the past. In any case, it has come to such a pass that to my own knowledge in my own city it has become the jest of the tea parties among the ladies to see who will see to it that so and so's servant girl votes in such a direction. They say so without shame; they take it as a joke, as a farce. It has become a sort of game, like bridge, a game of bluff.

So I cannot speak too strongly or too earnestly on this point. People who are accustomed to carrying on this sort of election campaign, however, will not be easily deterred or defeated. Laws which under ordinary circumstances would deter people from taking the chance of a criminal prosecution are not likely to deter them at election time. In any case, however, because of this first attempt, because the government is endeavouring to the best of its ability to bring in some legislation which will prevent this state of affairs, I am prepared to give this particular phase of the bill my heartiest support.

Now I should like to say a word with regard to closed lists, which I assume means closed lists only in the cities, lists which will be made before the election campaign is inaugurated and which will be closed at a certain date. On those lists the election will be decided. In principle I have always felt that such lists would be admirable. As a matter of fact during the sittings of the committee of 1929 and 1930, as you, Mr. Chairman, and other members who are now in the house will recall, this matter of closed lists was discussed. Mr. O. M. Biggar, former chief electoral officer, prepared a bill covering the whole closed list situation. The idea which he presented to us was that the post offices throughout the country should be used as registration offices and that the moment the writs were issued for an election the lists would be closed. At any time during the year except during the time a campaign was in progress in that particular constituency an individual would go to the post office and make out a form of affidavit; his name would be forwarded to the chief electoral officer at Ottawa, who would return a receipt to the applicant and also notify both or any political parties in the riding in which the man was registered. Meanwhile the list would be printed in Ottawa and kept continuously in print, adding names as they came through from time to time to the chief electoral officer. The objection to this came from hon. members on both sides of the house, and I think perhaps the same objection exists to some extent in the legislation proposed by the Minister of Justice (Mr. Guthrie). The objection was that members of parliament individually would be obliged to set up their own organizations in order to deal with the checking of applications as they were forwarded from the chief electoral officer. This was a matter of some considerable expense to the individual member, and particularly in cases such as we have in the province of Quebec where there are no ward, county, riding or city associations which are prepared to bear the expense of the researches, the inquiries and if necessary the contestation of any names put on the list. That system was rejected unanimously by the committee. There was no question of partisan feeling or party politics and, Mr. Chairman, I know you will bear me out in that statement.

As I understand the Minister of Justice, in connection with the outlined closed list system, as soon as the house prorogues there will be an enumeration, and I assume within a stated time the lists will be closed, and that those lists having been closed will serve for the purposes of any election which may take place until such time as a revision of the list is made, probably next year.

Mr. BENNETT: Next year.

Mr. POWER: Am I to understand there is to be a yearly revision?

Mr. BENNETT: That is what is contemplated.

Mr. POWER: First there is to be a general enumeration of the people. Then, at a stated time the lists will be closed, and then afterwards in each year there will be a revision, not an enumeration. The objection I find to that—it is one which has no bearing whatsoever on party politics, but should, I believe, appeal to every hon. member representing a city constituency—is that it is almost impossible outside of election times, and even during election times, as has been pointed out by the Prime Minister, to get the people on their own initiative to come to register. The Prime Minister has expressed himself as having been obliged to spend large sums of money in order to bring persons to the registration booths.

Mr. BENNETT: To check them up.

Mr. POWER: And in order to check them up; perhaps I misunderstood the Prime Minister.

Mr. BENNETT: Both.

Mr. POWER: Possibly the Prime Minister meant both. In the part of the country from which I come it costs almost as much to bring people to register, even when the lists are made during an election, as it does to bring them to the polls. I make that statement with full knowledge of the fact that bringing them to the polls is illegal. I say however that it costs almost as much to get those people to register, and perhaps it costs a little more in our province owing to the fact that as the women have not the franchise in the provincial elections they have not yet become accustomed to the exercise of the franchise in the federal elections. If it costs the individual member that much money during election times, I leave it to the imagination of hon. members on both sides of the house to decide what it will cost in a year when there are no elections. Let us suppose that there is an election this year, and that there will be no elections for three or four years to come. Next year, unless almost superhuman efforts are made by political parties or their representatives, it will be impossible to obtain any registration at all. It is a sad statement to make, but the fact is that the people of this country will not look after their own votes. I think that is the experience of any hon. member who represents a city constituency; no doubt he has found that the people themselves will not go to find out whether or not they are registered.

Mr. GOBEIL: That is the case in the provincial lists.

Mr. POWER: It is the case in any lists. The provincial lists are usually made up by municipal councils and in the cities they are prepared by the assessors and certain other people appointed for that purpose. If I understand this legislation correctly, a registration bureau will be opened and it will be the duty of each individual voter of his own accord to come and have himself registered. It may be a reflection on the patriotism of my fellow citizens, but—

Mr. BENNETT: He will be enumerated, he will not have to come. He or she will be enumerated in the first instance, and if by any chance either one is left off he or she may go and register.

Mr. POWER: I comprehend what the Prime Minister has said, namely, that in the first instance he will be enumerated. At this time I am not endeavouring to make any objections to the bill; I am endeavouring to commend those sections which should be commended, and altogether apart from any party interest I am endeavouring to point out to all hon. members wherein we shall be obliged to make some provision to cover the registrations at the second, third or fourth annual revisions in the cities. The Prime Minister has said that he or she will be enumerated in the first instance. But perhaps the right hon. gentleman is not familiar with the fact that in large cities such as Montreal—and this was shown very clearly before the elections committee—there is a movement of twenty-five per cent of the population per annum. So that even though a person were enumerated in the month of July, on the first of May in the province of Quebec a migration of population takes place in the cities, and in the province of Ontario a similar migration takes place in the month of October. There is a movement of at least twenty-five per cent of the population within the city from one address to another address in that city. Sometimes the migration is confined to one within the constituency, but more often it is without. That is altogether apart from young men and women who have reached the age of twenty-one years, from strangers coming into the city, from persons who have been naturalized and persons who for any other reasons have become qualified to vote. Figuring on twenty-five per cent for a four year period, we see that there is a 100 per cent migration, but we cannot figure exactly in that manner because, as hon. members know, some people remain at the same addresses year after year. The migration, nevertheless has been calculated at least twenty-five per cent.

Mr. GUTHRIE: But their names would be in the same division. They could go back and vote.

Mr. POWER: Not necessarily. When I speak of the twenty-five per cent migration, I have in mind the example most familiar to me, namely that of the city of Quebec. The division of Quebec West, so ably represented in this house by the Solicitor General (Mr. Dupré), is just across the street from the division which I represent. There is a continuous migration to and fro. After the first of May those who have been living in the St. Sacrement section of the division represented by the Solicitor General might very well move across the street and live in that section of St. Sacrement which I represent in this house. The same would apply with respect to the hon. member for Quebec East (Mr. Lapointe), and this movement cannot be controlled.

Mr. GUTHRIE: But they would be on the lists.

Mr. POWER: Yes.

Mr. GUTHRIE: And it would be a matter of only a few months until a new list was prepared. I inquired about this matter as it applies to England. I learned that they have the same difficulty over there, particularly in London. People living in one division move to another. If an election comes along before the second revision they go back and vote in the division in which they formerly lived.

Mr. POWER: But the point I make is that those who have so migrated, although they may be on the lists in, let us say the division represented by the Solicitor General, will not take the trouble to register themselves in the division in which they reside.

Mr. GUTHRIE: They will not have to; they will be on the list.

Mr. POWER: They will be on a list, but they will not be on the list in the division in which they reside.

Mr. GUTHRIE: There will be a hiatus there. They will vote where they are on the list until the next revision takes place.

Mr. POWER: I would suggest to my hon. friend the Minister of Justice that that would hardly be the proper way to make a list which is representative of any given constituency. If they will not register the first year, they will not register the second or third year, and when the election comes on they will have been perhaps two or three years away from the place where they were when the enumeration was made. Those people will still be entitled to vote in the electoral division represented, let us say, by the solicitor general whereas they will have been residing let us say, in my division or in that of the hon. member for Quebec East for three years. Unless there is a check made by the individual member of parliament, and at the cost of the member of parliament, there is no way of controlling it. A member of parliament does not want to represent people who have not resided in his division for two or three years or does he want to deprive people who have been residing in his division for two or three years of the right to vote in the place where they live, and unless we can find some means of providing that the government will assist in the making of the second and third and fourth annual revisions, I fear that the object which the Minister of Justice has in mind will be defeated. I am making this point not from any partisan motive because it affects equally all members who represent city constituencies. Almost inevitably it will place on their shoulders a financial burden which it will be very difficult for most of them to bear. It seems to me that if it were at all possible this burden should be borne by the state and not by the individual member.

With respect to some of the other matters which have been brought to our attention by the Minister of Justice may I say that though I have not had any experience of the matter myself the tradition exists throughout the country that the actions of the revising barristers in 1892 and 1896 were such that no one desired that we should return to that system, which made it possible for revising barristers at their will and discretion, and probably at the behest of their political friends, to place on the list or to bar from the list those whom they thought friendly or dangerous. I sincerely hope that the revising officer may have his powers so restricted and curtailed that nothing of this nature will be possible, or that there will be some system of appeal whereby the courts of the country will be called upon to give final judgment as to whether or not a person is qualified to vote. I entirely agree with what has been said by the minister that in this event there should be some arrangement whereby appeals will be expedited. It would be useless to have an appeal to the courts if the procedure was of such a nature that persons who were entitled to vote or persons who for some reason should be excluded from voting could indefinitely hold up the judgments of the court.

There is one more thing to which I should like to make a reference before I take my seat. When we had a revision of the list in 1929 and 1930 an attempt was made by some members of the committee to do away with what we called the hypocrisy of what exists in the election act—those provisions of the act which make crimes where no crimes exist, which make it illegal and sometimes an indictable offence to do things which every one of us knows is being done in every election. I refer to the employment of canvassers; I refer to the payment of the transportation of voters—

Mr. GUTHRIE: That is in the other act. This deals with the voters' list.

Mr. POWER: I do hope that if we have a chance to revise the elections act—

Mr. BENNETT: You will.

Mr. POWER: —that we shall have a chance to efface from our statutes provisions which are more noticeable in the breach than in the observance. What is the use, I ask you, Mr. Chairman, of placing on the statute books laws which will disqualify or annul the election of any member here when every member, or almost every member does his best to evade that law when election time comes. I leave this thought in the minds of the committee, that if there is any way of taking the hypocrisy out of the election act and making it a square, fair and honest one it would be far better for the country as a whole.

Mr. LUCHKOVICH: Mr. Chairman, during the past three weeks I must have received over three dozen letters from individuals all over the west who have asked me whether there is some diabolical scheme on foot on the part of the government to disfranchise certain citizens of this country. It was therefore with a great deal of relief that I heard the Minister of Justice say that the section with regard to the language qualification would be deleted from the forthcoming bill.

Mr. GUTHRIE: It has not been in any bill and it is not going to be in the bill to be introduced.

Mr. LUCHKOVICH: In any case it was spread all over Canada that there was a scheme emanating from a draft bill of the government whereby certain citizens of this country were to be disfranchised at the next election. Personally I do not think that a language qualification is a real criterion by which to measure the intelligence of a voter for I know a great many citizens of Canada who are not able themselves to speak either English or French but who, nevertheless have children in the universities of this country. I know of cases where men who cannot speak adequately either English or French have given to this country at least four or five children who have developed into the finest type of citizen that this country could ask for. I have in mind one of them, a young lady who graduated from Manitoba university a couple of years ago with the highest possible standing that could be given to any student. I know many similar young men and women throughout the whole country. It is not so much on behalf of the old people who cannot speak English or French, although I strenuously object to their proposed disfranchisement, that I am speaking at the present time, but on behalf of their children because if their parents are disfranchised it certainly casts some reflection on these very able young people.

Even if such a language qualification were imposed by the law who would be able to judge whether a man could speak English or French? I can vizualize the hon. member for New Westminster being disfranchised by the man who had the final say in the matter because the latter might claim he could not speak English and who might say to the hon. member: You have not an adequate knowledge of English. You speak with a distinct Scotch burr. A lot of these people who cannot speak English or French are splendid citizens, highly industrious, honest, law-abiding and very intelligent. I know that in 1930 they went to the polls in droves and voted for the present government. I leave it to the present government to say whether or not that was a criterion of their intelligence.

That is all I have to say in regard to this bill. I am very glad to hear from the lips of the Minister of Justice that no such thing is contemplated as a language qualification for voting.

Mr. BROWN: There are one or two things that I should like to say. I am fully aware of the difficulties of providing for an election list that will be satisfactory in all respects. There has been a good deal said about the crookedness with which elections have been carried out in the past but I want to bear this testimony. In the four elections which I have run in order to come to this house I have not had a single complaint to make against a Conservative returning officer or enumerator or against a Liberal returning officer or enumerator. It is true that in some cases mistakes were made. The officers did

not understand all their duties and all their instructions, but I think they carried on the elections with perfect fairness. As regards closed lists, we have found in our part of Manitoba that the provision that allowed men to swear in their votes on election day worked very satisfactorily. In my own constituency I never heard of its being abused by either party. I found it particularly satisfactory in regard to young men or young women who had come of age just a short time before the election, and therein I see some hardship if the lists are revised only annually. It is quite possible that a young man or woman might not be of age when the list was finally revised and might therefore be precluded from voting not only at that election but perhaps for a period of five years. I speak with some feeling on this matter, because through a combination of circumstances I was twenty-nine years old before I was ever able to vote. My first vote was cast in the province of Quebec and since then I have been voting in Manitoba.

An hon. MEMBER: Was it a good vote?

Mr. BROWN: Yes, it was a good vote. Some consideration should be given to this, that young men and young women who perhaps are not of age at the time the list was finally prepared ought to be afforded an opportunity, if possible, of having their names recorded immediately after coming of age.

As regards the provision for signing the name on the list, I make no complaint. I think it is an attempt to secure us against that evil of personation on which emphasis has been laid. But, so that we may know these things better when the bill is before us, I should like to ascertain whether the enumerator has to go to the elector to secure his signature or whether it is left to the elector to come to the enumerator. Evidently they have to sign a list of some kind in order to be identified when they come to the poll. However, we shall probably find out these things more definitely when the bill is before us.

Another feature which I hope will appear in the new act is that the provision for removing dead timber from the list shall be a little more satisfactory than it has been in some instances. In Manitoba this was under provincial law. We had for a time a law requiring registration, but the conditions laid down for the removing of dead timber from the list were so onerous that it was almost impossible to convince a judge that these names should not be on the list. I know that names continued to appear on the list six or seven years after they should have been removed, owing to the impossibility of submitting to the judge the necessary evidence. I trust that these points are being taken care of in the new act.

Mr. NEILL: I agree very much with the remarks of the last speaker (Mr. Brown). I wish to say a few words on behalf of an element that has not been dwelt on to any extent this afternoon, and that is the large country district. I know little about conditions in the city, for I am not familiar with them: I am talking solely about conditions that prevail in the large scattered areas in British Columbia, in which the hon. member for Cariboo (Mr. Fraser), the hon. member for Skeena (Mr. Hanson), the hon. member for North Vancouver (Mr. Munn) and I are interested.

The Prime Minister (Mr. Bennett) is right when he says that impersonation has been largely done away with in British Columbia by the system of signing your name when you go to vote, but he is not on such sound ground when he holds up British Columbia as an object lesson as regards the other features of his bill, because he has not copied British Columbia; he has taken only a small portion of their act. Let me show the difference.

As far as I can judge from this legislation, there is to be a revision once a year. That is not the way in British Columbia, although the minister suggested that it was. There is a permanent voters' list in British Columbia, but it is revised every three months, and that makes a great difference, and before the election is held there is a special court of revision. The court is held within a few weeks of the election. I do not remember what the period was in the last provincial election, but it was only a matter of weeks before the election that the court of revision was held. The list formerly was revised every six months but now it is revised at intervals of three months, so that voters can get on the list.

The minister did not advert to the fact that British Columbia makes some provision for the man who has moved and is not on the list in the district in which he resides. We have a system of absentee voting which is not suggested under this legislation. That absentee vote permits a man who has moved from one district in which he is registered into another district where he is not, to vote in the latter. He cannot afford the money to go back to vote in the district in which he is registered

and therefore he is allowed to vote in the district in which he is residing, though not for the candidates in that district but for the candidates in the district in which he is registered. The absentee vote is placed in a special envelope.

As other hon. gentlemen have asked, what are you going to do with a man or woman who comes of age or is naturalized during the interval of one year from the time of the last revision? The principal objection I take to that part of the legislation is this. We have a large transient population in British Columbia; nowhere in Canada more than in North Vancouver and in the district I represent does this situation prevail, and possibly in Cariboo to some extent, though I am not so sure about that. There is, however, a large transient population all the time, and not only are these people moving from place to place but they are, so to speak, in permanent transition. That is to say, they make their winter homes—loggers and fishermen—in Vancouver, New Westminster and other places, and when the season starts in the spring they move over to the district I represent. Under the old legislation now in force they could vote in our district provided they had been there sixty days before the election; but under this system they will not be able to vote anywhere. If they are registered in Vancouver they cannot afford to go back there to vote and they will not be allowed to have an absentee vote, so that it will mean the disfranchisement of hundreds of voters in the district I represent. It would be putting it extremely moderately to say that not less than ten per cent of the usual population of the district I represent will be disfranchised if the legislation now proposed goes through. I am being extremely moderate when I say ten per cent. The same thing is true of the fishermen. The fishermen has his home in one place, but by the very nature of his occupation he has to follow the fish; he goes up the coast, and formerly he would register in the place where he was likely to be during the sixty days preceding the election. Now he will register once for all and will thereby be disfranchised.

There is a third point which was highly commendable in the dominion act and which will be done away with now, and that is what is known as swearing oneself in on election day. Suppose an enumerator, through carelessness or malice aforethought or for some other reason, neglected to put a man on the voters' list; or suppose he did not happen to be there at the time the enumerator made up the list. By the dominion act the voter could go on election day and take an oath, provided he got someone on the list to vouch for him, swearing that he had been sixty days within the electoral district and so many days in the particular polling district, and he would be allowed to vote. He was sworn, and if he made a false affidavit he could be followed up and punished. That system has not been abused to any extent worth mentioning. Now, as the hon. member for Acadia (Mr. Gardiner) says, the first principle of such legislation should be to see that every man who is qualified and entitled to vote gets his chance; but under this legislation that will be very far from being the case.

One other thought. I see the minister taking notes. I hope he will particularly take note of the question of dealing with transients and also with that of having the revision take place oftener than once a year. I notice great stress was laid on the desirability of shortening the period before an election. When the hon. member for Acadia approved the action of the government he received considerable support from my friends to the right and it seems to be a general feeling that a shorter period is desirable. It is desirable principally for those who live in cities where a man can go and address a meeting of two thousand people every night for a fortnight and thus cover his electors. That cannot be done in a rural district. In my constituency there will be something like 150 polling stations at the next election; there were 108 at the last one. Presumably it is proposed to cover that ground in twenty-eight days. If you count out Sundays, that will mean six and a half meetings every day, which is an absolute impossibility. The average meeting in the riding I represent would run about forty people to each; the very highest would not be more than from 350 to 400 and the smallest would be a dozen, perhaps twenty. You would have to go by launch possibly twenty miles to meet those twenty people and it would be impossible to hold more than one meeting in one little place in one day. It is proposed to compel candidates to cover an area with 150 polling stations in twenty-eight days, or it might be twenty-one days, as the Minister of Justice intimated. How can this be done? Is it fair to the candidates? Is it fair to the member? It may be said that the member has as good a chance as anybody else, but he has not, because his opponent may be busily canvassing the district while we are sitting here. This proposal puts a handicap upon the sitting member.

Again, reference was made to Great Britain. I do not think one could get a poorer illustra-

tion in this case than to quote Britain as an example. Compare the vast spaces of the districts in the prairies and British Columbia and then point to Britain as a suitable illustration or something to copy! That was not the attitude of hon. gentlemen opposite when they were talking about the marketing bill. Then they found a thousand reasons that on account of the compact, small, and highly populated area, they did not think it was appropriate to use certain standards or principles. This is a case where there cannot be any possible comparison between conditions in Great Britain and those in Canada.

By the way, someone said that it was necessary, and surely it is a sound principle, that people should be or have a chance to be informed before they cast their votes. The only way in which they can be informed, unless by reading partisan newspapers, is by hearing the candidates, and if they did so, they would at least have a run for their money. How can that be done if the election is to be carried out in twenty-four or possibly twenty-one days in an area such as I have mentioned in British Columbia? My district has over 2,000 miles of coast line with little settlements scattered along it. There are only 100 miles of railway in it and most of the travelling has to be done by launch or motor car. I quite agree with the idea that a shorter period is desirable for a city election, but justice must be done; the law must be made to apply to all cases, and I strongly protest against the injustice that will be done in those three instances I have indicated. I shall only repeat that I am thoroughly familiar with the subject so far as my district is concerned and I have no hesitation in saying that this proposal means the disfranchisement of hundreds of electors.

Mr. LAPOINTE: I desire to reserve until the bill is before the house, any remarks I wish to make. I am pleased that the Prime Minister has stated that the questions of double enumerators and of appeals from the revising officer to a judge have not been definitely settled and that provisions with regard to them might be inserted in the bill. As it is not yet ready I wish to emphasize the necessity of incorporating those two features in order to make the bill acceptable to everyone on this side.

I understand the people will be enumerated only for the basic list which will be prepared and then a yearly revision will be made by the revising officer in each constituency without the help of enumerators. That makes it more necessary to have in the law the right of appeal from the revising officer at the yearly revisions.

There is one question I should like to ask the Minister of Justice: Has the question of bachelors who are at the present time employed in relief camps in many parts of the country been considered? Are they supposed to give their votes at the places where they are at present working or will they register their votes at the places from which they came? Has that question been considered at all?

Mr. GUTHRIE: There has been no change in regard to the residence qualification as it appears in the statute to-day. The matter is under consideration. I mean to say that no decision has been made. So far as the residential qualification is concerned, there is no provision for any change, but if these relief camps are going to be in existence for some time, some consideration will probably have to be given to that subject.

Resolution reported, read the second time and concurred in.

Mr. BURY: May I ask with the consent of the house to revert to the order of presenting reports and motions?

Some hon. MEMBERS: Carried.

The house having reverted to the order for presenting reports by standing and select committees:

STANDING ORDERS

Mr. A. U. G. BURY (East Edmonton) presented the sixth report of the select standing committee on standing orders and moved that the report be concurred in.

Motion agreed to.

PRIVATE BILL

FIRST READING

Bill No. 100, respecting the St. Clair Transit Company—Mr. Gray.

CANADA SHIPPING ACT

The house resumed consideration in committee of Bill No. 91, respecting shipping—Mr. Duranleau—Mr. Gobeil in the chair.

On section 2—Definitions.

Subsections 2 to 4 inclusive agreed to.

On subsection 5—British ship registered in Canada.

Some hon. MEMBERS: Carried.

Mr. REID: Stand.

Mr. BENNETT: No, carried.

Mr. REID: I thought it was the understanding that clauses on which there may be a great deal of contention would be allowed to stand.

Mr. BENNETT: But these are only definitions, they have no substantive effect. The rest of the bill depends on the definition given to these words.

Mr. REID: But in connection with some other definitions that affect the port of New Westminster I have some amendments to move.

Mr. BENNETT: It will be time enough when we reach them.

Mr. REID: But this is one of them.

Mr. BENNETT: Well, let us have it.

Subsection agreed to.

On section 2, subsection 6—Builders' mortgage.

Mr. DUFF: Before we proceed any further with this bill I again appeal to the government not to place myself and some other members in this position. We are dealing with one of the most important bills introduced this session, one which I know very little about and for which I do not intend to take any responsibility in the way of accepting either the definitions, the clauses or anything else. I feel that I am not qualified as a member of this house to deal properly with this bill. I do not feel that I can move any amendments to the definitions or the clauses or the schedules without consulting people who know a great deal more about these matters than I do. Consequently if the Minister of Marine (Mr. Duranleau) and the government intend to proceed with this bill, as far as I am concerned I make this protest here and now. If they want to go ahead and carry the definitions or the sections or the schedules let them go ahead on their own responsibility.

Mr. CASGRAIN: I make the same protest, Mr. Chairman.

Subsection agreed to.

Subsections 7 to 12 inclusive agreed to.

On subsection 13—Coast of Canada.

Mr. REID: I would probably adopt the same attitude as some hon. members on this side of the house were it not for the fact that I know how difficult it is once a bill is passed to have it reopened and amended. Therefore under the circumstances I cannot allow the bill to pass without endeavouring to have some changes made that I think should be made. I have an amendment to move to subsection 13.

Mr. DURANLEAU: Will my hon. friend permit me to interrupt?

Mr. REID: Yes.

Mr. DURANLEAU: I stated yesterday and I repeat that in my estimation there are not many sections which will prove controversial. I think my hon. friends will agree with me on that when they have read the whole bill. I told my hon. friend that any section that he wished should stand in order to have time to study it and make suggestions I am perfectly willing to let stand. With reference to those that concern the fishermen for instance. I told my hon. friend yesterday that I did not think anything in the bill was hurtful to the fishermen or to men engaged in the fishing industry. My hon. friend said I was wrong. I may be wrong but I say this, that by this bill we do not intend to injure in any way the fishermen or the people engaged in the fishing industry. I am willing to let all the sections which may affect them stand for the moment.

Mr. NEILL: For how long?

Mr. DURANLEAU: Oh well, until Monday or Tuesday of next week.

Mr. NEILL: That is no use.

Mr. DURANLEAU: That will be ample time to study this question.

Mr. NEILL: And to get word from the Pacific coast?

Mr. DURANLEAU: I do not think my hon. friend needs word from the Pacific coast, he knows these subjects perfectly well. We do not want to injure the fishermen in any shape or form. We are prepared to accept any reasonable amendment suggested by my hon. friends.

Mr. BENNETT: What is the suggestion about subsection 13?

Mr. DUFF: The minister is very good to say that he is willing to do anything to help to amend this bill in any way which may be beneficial. He also said there were very few controversial clauses. I am sorry I cannot agree with that; there are a great many controversial clauses. Not only are there controversial clauses which I can see and which the minister can see and which other hon. members of this committee can see, but what I am afraid of is that I have not sufficient knowledge of my own to deal here with any clauses in this bill. I feel

that before this bill is considered in this committee we should have the views of people who are vitally interested, both on the Pacific coast and the Atlantic coast and the great lakes. There is my difficulty. I say to the minister that I am not going to take any responsibility for allowing any clauses to pass, because as I said I have not sufficient knowledge to say whether they are right and proper or not.

While I am on my feet let me say that since last night I have endeavoured to study a few more pages of this bill, turning from the definitions to the clauses and then to the schedules. In twenty-four hours I have read twenty-five more pages. I am now at page 99. The minister says he is willing to give us a couple of days more. I say that is not long enough. As far as I have gone in these definitions I find twenty-two objections in the definitions alone. Though I have found twenty-two objections in the 113 definitions I am afraid that I may not have found all of them. There are other people in this country who are vitally interested and who, if they had a chance to study this bill, instead of the twenty changes I have in mind might find forty. Take subsection 38 of this section. Does the minister know that a man cannot go to Hudson bay because of that subsection?

Mr. CASGRAIN: Hear, hear; I was going to speak of that.

Mr. DUFF: The subsection reads:

"Home-trade voyage" means a voyage not being an inland or minor waters voyage between places within the area following, to wit:—Canada, the United States of America, the territory of Alaska not west of Cape Spencer, Newfoundland, Labrador, St. Pierre and Miquelon, in the course of which a ship does not go north of the 60th parallel of north latitude or south of the 36th parallel of north latitude.

Let me ask the Minister of Marine if he knows where the 60th north parallel is. As the minister knows, a parallel is like a half moon; at one end you can go to Greenland, but you cannot get past Cape Chidley into Hudson bay.

Mr. WHITE (London): I should like to ask the hon. member a question. Is he now in favour of the Hudson bay route?

Mr. DUFF: I was never in favour of the Hudson bay route, so far as building the railway was concerned. Every day I live I am more opposed to it, and I think more people are coming to believe that it never should have been built in the first place, and that we should not have spent $50,000,000 of the money of the people of Canada on it. But so far as the Hudson bay route is concerned my hon. friend and I are in the same position; he voted and I voted money for that purpose. Each of us was foolish, if I may be allowed to include him in the same category with myself.

I have these ninety-nine pages littered with my memoranda. My hon. friend from New Westminster (Mr. Reid) is worried about this matter; no doubt he would like to move some amendments, as it is his duty to do. I am afraid that if the minister should adopt some suggestions of mine they may interfere with some of the other clauses in this bill or some of the definitions. Let me go a little further with regard to the sections I have read in the ninety-nine pages I have covered; let me count up and see how many I think are not right and should be amended.

An hon. MEMBER: Dispense.

Mr. DUFF: I will not dispense. I am taking my own time; if you do not like it, instead of sitting behind the curtain, get out. I have the floor, and I am going to take my own time in this committee. As a marine man interested in this legislation I have a perfect right to give my views. If my hon. friend has no views to give at least he might do me the courtesy of listening, as I always listen to him. I have not been able to go into all these clauses, but there are many that I think should be amended.

Mr. CASGRAIN: What are they?

Mr. DUFF: I cannot tell what they are; it would take too long. There are at least twenty-five clauses with which I am not satisfied, at any rate. I say to the Prime Minister and the Minister of Marine that it is not fair to expect me, with my insufficient knowledge, to deal with this matter properly. In spite of the fact that this matter has been before another part of this parliament for two years; in spite of the fact that certain lawyers have endeavoured to draft it into proper shape, I say to the minister that it would be a mistake to put this act into force or carry any of these definitions or sections without giving the people of this country who are vitally interested in the matter a chance to state their views. Because I do not feel qualified to agree to any of these definitions or sections, so far as I am concerned I must sit here in my place and let somebody else carry them if they feel they should be put through as they now appear.

Mr. NEILL: The hon. member for New Westminster made some reference to the diffi-

culty of reopening a bill after it was passed, with which we are well acquainted. I am willing to bet him the price of a hat, however, that if we pass this bill now in its present form there need be no fear but that it will be reopened next year.

Mr. MACKENZIE (Vancouver): I should like to say just a word in support of the contentions of my hon. friend from Antigonish-Guysborough (Mr. Duff). I have received certain representations from the Vancouver Chamber of Shipping in regard to many of the sections of this bill. I believe there are some eleven or twelve changes which they suggest in the particular section we are now considering, and I may add that in their communication they ask that the bill be well considered before being passed by the commons. They also ask that the other points in their memorandum, which are of equal importance, be considered before the bill is passed.

Mr. BENNETT: Did they see the final bill?

Mr. MACKENZIE (Vancouver): My information is that these representations were sent to the Senate last year, when bill J was before the Senate committee. I do not believe the representations were endorsed by that committee, but I am asked by a very important organization on the Pacific coast to raise these questions in committee. For instance, they want to add further definitions with regard to entry, goods, ship owner, warehouse, warehouseman, wharf, wharfinger, scow and so on. They want to re-define grain. They want to re-define the word "voyage" in section 3. They want me to discuss sections 116, 136, 156, 192, 209, 280, 366, 373, 528, 700, 721, 723 and so on. I do not suggest that I agree with all the representations made by this organization but I am supporting the contention of my hon. friend from Antigonish-Guysborough that these representations have come to us from very important shipping organizations and federations throughout the country, and I believe at least they should receive the careful attention of this committee. In connection with this memorandum I should like to ask the minister if he would be good enough, if I leave the memorandum with him, to indicate the objections if any which he or the department may have to these representations as they affect the various sections of the bill. Possibly in that way we may be able to somewhat expedite the progress of the measure, and the representations which it is my duty to bring before the committee will have received full consideration.

Mr. DURANLEAU: I have no objection to the suggestion of my hon. friend, but I should like to point out that some Vancouver associations were heard by the Senate committee. I believe some of the points raised by my hon. friend were brought forward there and discussed, and either accepted or refused. I know the Vancouver Chamber of Shipping sent representations almost similar to those suggested by my hon. friend, and the Merchants' Service Guild of Vancouver was heard by that committee also, or forwarded a memorandum containing what they suggested by way of amendment to the bill. I have no objection to letting the sections referred to by my hon. friend stand when they are called, and in the meantime we might look over his memorandum and see what we can do under the circumstances.

Mr. MACKENZIE (Vancouver): I should like to read to the minister what this organization say:

> During the 1933 session a bill to consolidate and amend the Canada Shipping Act, known as Bill J, was introduced into the Senate. This was a very extensive piece of legislation and received full and careful study by shipping interests here who, after six months hard work, prepared a submission. . . . These were sent to the hon. Minister of Marine, but in the interim the bill was withdrawn from the Senate owing to slight defects of which you are probably quite aware. For this reason our submissions never came before the Senate committee on banking and commerce to whom the bill has been remitted, as it had in the meantime been withdrawn.
>
> Apparently the hon. Minister of Marine has not thought fit to take cognizance of our suggestions as we find that the bill as reintroduced, now known as Bill E, to the Senate, has been changed only in one or two very minor respects in conformity with our recommendations.

Mr. DURANLEAU: I think this statement is not correct, because all the representations received in the Department of Marine either by myself or by my officials were put before the man who was in charge of the drafting of Bill J, and moreover all the memoranda were placed before the Senate committee for study. For that reason I do not think the statement in the document to which the hon. member has referred is fair to my department.

Mr. DUFF: Is the minister referring to the gentleman who gave the interview in Vancouver and said with regard to this bill he would simply use scissors and a paste pot? Is that the person to whom he is referring?

Mr. DURANLEAU: I never saw the report about any interview of that kind.

Mr. DUFF: Well, it is true; he said that.

Mr. REID: Yes, Mr. Griffin, who drew up the bill, said he came to Ottawa with paste and scissors, because after he had been here and made the suggestions to the minister he wrote an article for the Province newspaper, a copy of which I have in my hand. But when the minister says only a few changes might occur, I must draw his attention to the fact that Mr. Griffin, the lawyer who was brought to Ottawa, said that most of the bill was drawn on the basis of the old country act.

Mr. DUFF: Which is not applicable here.

Mr. DURANLEAU: My hon. friend must agree that the bill now before the committee is not Bill J. It has been entirely remodelled. As a matter of fact it was remodelled during the recess, and produced before the Senate as Bill E in the present session. Bill E was studied by the committee on banking and commerce, and was remodelled to so great an extent that it had to be reprinted. For those reasons I say that we have not Bill J before us.

Mr. REID: On that point, I should like to refer to two clauses in the bill which I believe were in Bill J, are now in Bill E, and which are very important. I refer first to the measurement of ships, which, I understand, is laid down by the Board of Trade of England and which are in the present bill. Then there is the matter of the definition of voyages, which I understand is the definition given by the Board of Trade, or contained in the British Shipping Act. I understand that in Bill E. we have adopted the words "home-trade voyage," the same as defined in the board of trade articles in Great Britain. Those subsections were in Bill J and are in the bill before us.

Mr. DURANLEAU: If the hon. member has any objection to those sections we will let them stand and see what can be done about it.

Mr. REID: I do object and I am drawing the minister's attention to the fact that what you are stating to the committee is not exactly correct, and am indicating that much of that which is now before the house has been copied from the British Shipping Act or the Board of Trade articles, and so has an important bearing upon the shipping of this country.

Mr. BENNETT: The hon. member said he had some objection to subsection 13. What is the objection; what is the trouble?

Mr. REID: I have this objection to subsection 13, that inland waters such as those of the Fraser river, where for a distance of over eighteen miles salt and fresh water combine, are not defined in the bill. If one turns to subsections 35 and 41 he will find that Montreal is mentioned, and the seacoast of Canada shown in subsection 13, but the harbour of a port like New Westminster is not mentioned and should be. The words "inland waters" of the Fraser river should be in that definition.

Mr. BENNETT: The coast of Canada does not mean the inland waters; the hon. gentleman must take the definitions as we proceed with them. The coast of a country means simply what it says, namely the sea coast, the salt water bays, the gulfs and harbours on the sea coast of Canada. We must keep in mind the relative jurisdictions of the provinces and the dominion. The coast of the country is the contour following the parts touching salt water. There are other definitions dealing with the other points.

Mr. REID: The representations were made to me by a man well versed in shipping, and one who has had life experience in shipping matters, and he says that as a matter of international law a question might arise.

Mr. BENNETT: Well, unfortunately he does not know what he is talking about.

Mr. REID: We will agree to differ on that.

Mr. BENNETT: I am sorry to say that, because this definition cannot be modified without making it silly. The coast of a country is simply the coast of a country, not the rivers, or anything else.

Mr. REID: If the Prime Minister would look at subsections 35 and 41 he would see there definitions given concerning certain ports, and also ports on the salt water.

Mr. BENNETT: That is another thing altogether.

Mr. REID: It is complementary to subsection 13. That shows the difficulty we are having here in committee when we attempt to put amendments. I have here a legitimate amendment concerning the port of New Westminster, and the Prime Minister just throws it out and says it is not necessary. If that is the way I am to be treated I shall have to join the others in their protests.

Mr. DUFF: Do not take any responsibility for it at all.

Mr. MITCHELL: I believe it was yesterday the Minister of Marine made the observation that he had had communications in the form of telegrams from some marine organi-

zations asking that the bill be passed or pressed forward. Could he tell me the names of those organizations, and from whom he received the communications?

Mr. DURANLEAU: I gave the names yesterday. There was the National Association of Marine Engineers, Council No. 8. I had a communication from the Shipping Federation of Canada, an organization with branches throughout the dominion.

Mr. MITCHELL: From council No. 8?

Mr. DURANLEAU: No, that was the other one. I received a wire from the Canada Steamship Lines, Limited, and a telegram from the executive council of the Canadian Navigation Federation, St. Lawrence division. The last communication I received was as follows:

> Respectfully submit very important shipping bill should go through and become law this session.

This telegram was signed by Mr. C. B. Hamelin.

Mr. MITCHELL: I am interested in the National Association of Marine Engineers, and I should like to know whether that organization spoke for the national association or for only one of the councils.

Mr. DURANLEAU: For one of the councils.

Mr. MITCHELL: There are eighteen councils.

Mr. DURANLEAU: They spoke for No. 8.

Mr. MITCHELL: There are seventeen others.

Mr. DURANLEAU: I stated that yesterday.

Mr. MITCHELL: A communication from one of them would not mean anything. I have communications from the national council asking for many amendments to the bill.

Mr. REID: Would the minister tell me how many of the 149 amendments sent by the Canadian Association of Seamen were adopted?

Mr. DURANLEAU: I cannot say offhand, but I know that they were very carefully considered and dealt with by the committee, who received the advice of the officials of my department.

Mr. REID: My information is that none of them was adopted, that they asked for personal representation and a chance to speak on matters which affected their very lives.

Mr. DURANLEAU: If none of them was adopted I suppose it is because the committee or subcommittee felt that they should not be embodied in this bill.

Mr. REID: Why should not the seamen have an opportunity to make personal representations when the safety of their lives depends on the provisions of this act?

Mr. MACKENZIE (Vancouver): Has the minister received any representations from the Pacific coast that this bill be passed at this session?

Mr. DURANLEAU: I told the committee yesterday that I received these wires yesterday because these people had read in the papers the debate of last Friday when my hon. friends opposite insisted on having consideration of this bill postponed until next session. Of course, on the Pacific coast they had not yet read the debate in the papers—

Mr. MACKENZIE (Vancouver): We are not as far away as that.

Mr. DURANLEAU: They may have read short news items, but not the full debate of last Friday that appeared in the eastern papers.

Mr. DUFF: I could not find in the eastern newspapers a report of the full debate of Friday.

Mr. DURANLEAU: My hon. friend did not read the Montreal newspapers.

Mr. DUFF: I did. I read the Montreal Star and the Gazette.

Mr. DURANLEAU: Their Saturday editions had a full report of the debate on Friday.

Mr. REID: In regard to the load line convention Canada is following her own course because Great Britain has a special act of fifty-four pages dealing with the load line.

Mr. BENNETT: That illustrates, Mr. Chairman, what I was trying to point out yesterday. If my hon. friend will read the load line convention he will see that it is international in character, and that it was signed by Great Britain, Canada, and the other nations of the world. It was ratified by this country, and Great Britain's is exactly the same as ours.

Mr. REID: My authority for that statement, now that it has been questioned, is the man that drew up the bill, Mr. Griffin. I have an article here by him in which he says that our load line is entirely different.

Mr. DURANLEAU: My hon. friend is mistaken. Mr. Griffin never wrote this bill. He wrote Bill J.

Mr. DUFF: With scissors and paste.

Subsection agreed to.

Subsections 14 and 15 agreed to.

On section 2, subsection 16—Construction regulations.

Mr. BENNETT: The definition in this subsection refers to the load line convention. If my hon. friend from New Westminster will look at the appendix he will see the convention.

Mr. DUFF: Is the Prime Minister aware that in spite of the fact that Great Britain signed the load line convention a number of her colonies have not accepted it and will not accept it?

Mr. BENNETT: I tried to point out to the hon. gentleman yesterday that this is not a colony. I tried to point out further that the load line convention was executed, as he will see, by turning to the appropriate page—I gave it to him yesterday—by the representatives of the various countries listed from pages 389 to 394. The load line convention, 1930, appears in the bill beginning at page 389. He will see that it was signed on behalf of Canada by its representative, Mr. Alexander Johnston, Deputy Minister of Marine, and by the government of the United Kingdom of Great Britain and Northern Ireland. The names of the representatives of the United Kingdom are set out on page 391, Admiral Oliver, Captain Bate, etcetera, etcetera. It was also signed by the representatives of the governments of Greece, Norway, Mexico, Latvia, Japan, Italy, Iceland, France, Cuba, Chile, Belgium, Australia, India, Denmark, the Free City of Danzig, Spain, the Irish Free State, United States of America, Finland, New Zealand, Paraguay, The Netherlands, Peru, Poland, Portugal, Sweden and Soviet Russia. They agreed and signed the convention which was submitted for ratification to this house and which is binding upon us as well as the other countries to which I have referred.

Mr. DUFF: The Prime Minister did not quite get the import of my remark. What I said was that there were certain British colonies or dependencies—I was not referring to Newfoundland but I had in mind a British possession which has not adopted and does not intend to adopt this load line convention. In fact, I am seriously considering changing the registry of certain vessels I am interested in to that country so that I shall not be put to the expense of spending anywhere from $500 to $2,000 for something which in my opinion and the opinion of the other owners is not necessary.

Mr. BENNETT: Either the hon. gentleman does not seem to be willing to understand or he has not followed what has been said. This international convention was a convention which met in 1930; it was before the election of that year. Mr. Alexander Johnston represented the Dominion of Canada, and this house has ratified that convention. If the hon. gentleman desired to protest, the time to have done it was then, not now. This bill merely incorporates into the structure of the Shipping Act the provisions of that convention, which are binding upon us now because of the action that has been taken.

Mr. DUFF: Again we seem to be at cross purposes. I did not object to this parliament ratifying this convention, and even if I did not object I am not going to be held responsible for what this government or the previous government did with regard to it.

What I said was this: My right hon. friend had said that this was an international matter, and I took it that he was conveying the impression that all the dependencies and colonies of certain powers had adopted this load line convention, and that consequently it was being incorporated in this statute. I pointed out that there are certain parts of the British Empire which, according to my information, have not adopted, and are not going to adopt this convention, and my hon. friend from New Westminster confirms my statement by saying that not only are certain dependencies not adopting this convention, but that Great Britain herself is not doing so.

Mr. BENNETT: I suppose it is unnecessary for me to say that Great Britain has done so, and her signature is here in common with ours. It is only necessary to go and look at the convention in the library, if the hon. gentleman desires to do so; he will find it there.

Mr. DUFF: Again may I say to the Prime Minister that I am not going to allow him to get away with that. I have read this convention perhaps more times than he has because I am vitally interested in it. I have had to read it in order to comply with the

regulations imposed on me and other ship owners by the Marine department of this country. But in spite of the fact that Great Britain signed this convention in 1930, four year ago, just as Canada did, why has not Great Britain brought down legislation in 1931 or 1932 or 1933 incorporating this load line convention in her statutes? But instead of that, as my hon. friend from New Westminster has told us, Great Britain has not incorporated this convention in her statutes.

Subsection stands.

Progress reported.

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

Thursday, June 14, 1934

The house met at three o'clock.

BANKING AND COMMERCE

Mr. R. B. HANSON (York-Sunbury) presented the eighth report of the select standing committee on banking and commerce.

Mr. HANSON (York-Sunbury): With the consent of the house I move that the report be concurred in.

Mr. MACKENZIE (Vancouver): I dissent from that request.

Mr. HANSON (York-Sunbury): Then the motion will have to stand.

Motion stands.

DOMINION FRANCHISE ACT

ELECTORAL FRANCHISE—APPOINTMENT OF FRANCHISE COMMISSIONER—PRINTING OF VOTERS' LISTS

Hon. HUGH GUTHRIE (Minister of Justice): Under the order of introduction of bills I had hoped to introduce to-day the bill of which notice was given yesterday, namely the Franchise Act. I regret that I am not in a position yet to do so, but I hope to do so to-morrow. Having regard to the discussion which took place in the house yesterday upon the resolution, I may say that it has been decided to appoint two enumerators in each polling subdivision for the purpose of the first enumeration. Just how these enumerators will be appointed has not been definitely decided, but the principle will be maintained of consulting the wishes or obtaining the views of the sitting member on the one hand, and of the defeated candidate on the other hand, and where there was more than one defeated candidate, of the one who had the highest number of votes.

On the other clause, in regard to appeals from the decision of the revising officer, it has been decided that there shall be an appeal to the county or district judge in those provinces which have county and district judges, but as all provinces are not alike in respect to their judicial conveniences some difficulty has been experienced in drafting a suitable clause. When the bill comes before the house I may have to ask the assistance of some of the legal members from the various provinces in regard to difficulties which might arise. The principle in that case will be to limit the time as far as possible and to simplify the proceedings by way of appeal and make them informal and expeditious. I hope to bring down the bill for presentation to the house to-morrow or it may be Monday.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): The assurance which the Minister of Justice (Mr. Guthrie) has just given will meet I am sure—as he has seen—with the general approval of the house. Might I inquire, seeing that the bill is not yet finally printed, whether the government has included a clause which will oblige revising officers to notify the electors as to where they are to vote? If not, would the government take into consideration including such an obligation? I believe official notification to electors is something which would avoid much in the way of expense to candidates and would really constitute a substantial improvement.

Mr. CASGRAIN: They do it in cities.

Mr. GUTHRIE: I think the suggestion is worth considering, but the expense would be very considerable if every elector on the voters' list has to be notified where he votes. It has never been the custom heretofore. All I can say is that I shall bring the suggestion before my colleagues.

Mr. MACKENZIE KING: If I might just add this word—I know a discussion is not in order. Viewing the matter in its true light, elections are a necessary part of the machinery of government, and for that reason it seems to me the state itself should meet any legitimate unavoidable expenses incidental to securing a complete and fair election; that expenses incidental to a necessary service to the voter should not be made an obligation on those who may be nominated as candidates. Unless a provision of that kind is in-

cluded those who may become candidates or their supporters will have to bear the expenses of notifying electors where they are to vote. With lists prepared by the state official, notification of the place of voting is something which really ought to be regarded as also a part of the necessary expenses of elections.

Mr. GUTHRIE: There is another practical difficulty. The revising officer would not be in a position to notify the people more than as to the subdivision in which their names are registered, because until the writ of election is issued and returning officers appointed no one knows where the polling places will be.

Mr. MACKENZIE KING: Some arrangement could be worked out, whereby this obligation might be made a duty of either the revising officers or the returning officers. With the franking of notices, the expenses ought to be comparatively little.

Mr. POWER: The polling places were made permanent under the legislation now in existence.

Mr. GUTHRIE: Oh, no.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

REVENUE POST OFFICES—APPOINTMENTS

Mr. BROWN:

1. How many postmasters have been appointed in the last two years to offices where the revenue is less than $3,000 per year?
2. In how many of these cases were returned soldiers applicants for the position?
3. In how many cases were returned soldiers appointed?

Mr. SAUVE:

1. 1,474—Vacancies caused by reason of death, resignation, change of site, reopenings and new offices.
2. 301.
3. 219.

*FEDERAL AID TO HIGHWAY CONSTRUCTION IN ONTARIO

Mr. AHEARN:

1. Has the government of Canada given to the government of Ontario any commitment to share in the cost of any road or highway construction or maintenance already undertaken in 1934 or to be undertaken before December 31, next?
2. If so, what is the estimated total sum of such federal commitments?
3. What is the total estimated cost of the projected work under the joint scheme?
4. What sum pertains solely to the trans-Canada highway?

[Mr. Mackenzie King.]

Mr. BENNETT: With respect to this question, the orders in council that have been passed under the new Relief Act have been brought down, and there is no further information to be given than is covered by these orders in council.

CANADA SHIPPING ACT

The house resumed consideration in committee of Bill No. 91, respecting shipping—Mr. Duranleau—Mr. MacDonald (Cape Breton) in the chair.

On section 2, subsection 16—Construction regulations.

Mr. REID: Might I ask if we passed subsection 13?

The CHAIRMAN (Mr. MacDonald, Cape Breton): Subsection 13 is passed.

Mr. BENNETT: Last evening the hon. member for Antigonish-Guysborough (Mr. Duff) made a statement with respect to the action taken by the British government, which I indicated I thought was hardly in accordance with the facts.

In 1932 the parliament of the United Kingdom passed the Merchant Shipping (Safety and Load Line Conventions) Act, 1932, 22-3 George V, Chapter 9, and by that statute it is provided that it might be extended to colonies; and on the 10th of May, 1933, important sections of the act were made applicable to Bahamas, Barbados, Bermuda, British Guiana, Cyprus, Fiji, Jamaica and dependencies, Kenya, and Mauritius. The convention is incorporated in the statutes of Great Britain as found in the preamble to the act and in the second schedule, just as is being done here.

Subsection agreed to.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Any objection to all the other subsections in this definition section?

Mr. REID: Are you attempting to pass all the definitions en bloc, is that the suggestion? If that is the intention, of course we might as well not take any further interest in the bill. I thought an undertaking was given that when this bill was before the committee representations would be listened to. Now are we to be told that we are protesting and trying to block the bill if we try to get an explanation?

The CHAIRMAN (Mr. MacDonald, Cape Breton): We shall not do that if there is any objection.

Subsections 17 to 19 inclusive agreed to.

Mr. REID: Would the minister state as a matter of information how much money was paid to Martin Griffin last year, and what was the expense of drawing up this bill?

Mr. DURANLEAU: I have not the information with me. I think the exact amount paid was tabled a few weeks ago.

Mr. HANSON (York-Sunbury): What has that to do with it? It has nothing to do with this bill.

Mr. REID: That is your interpretation of it; I have my own reasons. You are just butting in. You should have been here yesterday.

Subsection agreed to.

Subsection 20 agreed to.

On subsection 21—Dangerous goods.

Mr. REID: Is there a list of dangerous goods mentioned?

Mr. DURANLEAU: That is a point that will be covered by regulation approved by order in council.

Mr. REID: According to my information the Board of Trade in Great Britain have all the dangerous goods specified.

Subsection agreed to.

Subsections 22 to 25 inclusive agreed to.

On subsection 26—Foreign voyage.

Mr. REID: I would ask that this section stand.

Mr. DURANLEAU: I would ask one of my colleagues to move an amendment to clarify this definition, striking out all the words after the word "means," and inserting the words:

a voyage extending beyond the area of a home trade voyage and not being an inland or minor waters voyage.

Mr. DORION: I move that subsection 26 be struck out, and the following substituted therefor:

"Foreign voyage" means a voyage extending beyond the area of a home trade voyage and not being an inland or minor waters voyage.

Mr. REID: I think this section should stand; this definition is too important to be put through quickly. The definitions of foreign and home trade are the two most important definitions in the whole section, so I think the subsection should stand for further consideration.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Shall the subsection stand?

Some hon. MEMBERS: Carried.

Mr. DURANLEAU: I understood that my hon. friend had some objection to the definition of a home voyage?

Mr. REID: Yes, I had, but I am not getting a chance to put my explanation forward. This bill is before the whole committee, but when we get up to try to improve it we are told that we are trying to block it and shouted down. I am trying to get some changes put in which I think should be inserted. Surely I am within my rights as a member in doing that without being accused of blocking the bill. This is a very important subsection.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Do I understand that the hon. member wishes this subsection to stand?

Mr. REID: Yes.

Subsection stands.

Subsections 27 to 30 inclusive agreed to.

On subsection 31—Grain.

Mr. MACKENZIE (Vancouver): In connection with this definition I have some representations from the Vancouver Chamber of Shipping. They suggest the deletion of the present definition and the insertion of the following:

"Grain" means corn, wheat, rye, barley, oats, peas, rice, paddy, pulse, seeds, nuts or nut kernels, and all other grain.

They further add:

It is the opinion of the chamber that the words used in the Merchant Shipping Act should be included, together with the words which have been in the Canadian act for many years.

Mr. DURANLEAU: What is the association?

Mr. MACKENZIE (Vancouver): The Vancouver Chamber of Shipping.

Mr. DURANLEAU: Just a moment ago I received a wire from the Vancouver Chamber of Shipping, and they seem satisfied with the bill as drafted.

Mr. BENNETT: I think the hon. gentleman will find that this definition is more comprehensive than the one he suggests. The word "grain" has the generic meaning, and these other words are included to remove any doubt. Once or twice we had the same difficulty to meet, and I think the hon. gentleman will appreciate the necessity of not trying to make the definition too exact, and making sure that it does include certain named grains.

Mr. MACKENZIE (Vancouver): Would the minister send me that telegram? If he does not mind I should like to put on record what it contains. They say their amendments were rejected by the Senate, but they want the legislation passed this session and suggest that their amendments be given further consideration at a later session. That removes my responsibility.

Subsection agreed to.

Subsections 32, 33 and 34 agreed to.

On subsection 35—Harbour or port.

Mr. REID: Stand.

Mr. BENNETT: Why?

Mr. REID: I will endeavour to explain why I should like this subsection to stand. Yesterday when I moved an amendment to the definition of subsection 13 perhaps I should have elaborated my remarks in that connection. If I may say so, subsection 13 is correlated with subsections 35 and 41. Subsection 41 deals with navigable fresh waters and subsection 35 designates salt water. That was why yesterday I endeavoured, in connection with subsection 13, to have New Westminster or the Fraser river included. The fresh water and the salt water are clearly defined in subsections 35 and 41.

Mr. BENNETT: The hon. gentleman of course realizes that those exceptions are made because these are ports that have been long established under particular statutes. Vancouver is not mentioned; neither is Saint John or Halifax, or other harbour commission ports. I suggest that possibly the hon. gentleman might take his representations to the minister, who tells me that he would be glad to receive them. Then if there are any difficulties we can perhaps meet them later.

Mr. REID: If the subsection stands I should be very glad to make those representations.

Subsection stands.

Subsection 36 agreed to.

On subsection 37—Home trade ships.

Mr. REID: This subsection should stand.

Mr. BENNETT: Surely there cannot be any difficulty about this subsection. It states merely this:

"Home trade ships" are ships engaged in home trade voyages.

There may be some difficulty about home trade voyages but there cannot be about home trade ships.

Mr. REID: I understand that this subsection was copied from the British act, and that in that act there are two definitions, one pertaining to a foreign voyage, and the other to home trade. Home trade in the British act does not mean trade simply around the British Isles, but includes trade going as far as Lisbon, French ports and other points in the particular section. We have embodied in this subsection the term home trade appearing in the British act. I suggest that home trade when it relates to foreign trade is a very important point. My information is that under our home trade system a ship leaving the port of Vancouver and, for the sake of the discussion, going to Montreal would be engaging in home trade just so long as it remained on the Pacific coast. But if it went through the Panama canal and up to Montreal it would be engaged in foreign trade. That is the information I have before me. I understand the term "home trade" is copied from the British act.

Mr. BENNETT: There is no reason why subsection 38 should not stand, but surely there is no reason why 37 dealing with home trade ships should stand. The definition of home trade ships could not be changed in any way, no matter how long it stood.

Subsection agreed to.

On subsection 38—Home trade voyage.

Mr. STITT (Nelson): In connection with subsection 38 is it intended that vessels engaged in home trade voyages shall not enter the waters of Hudson bay? I should like an answer.

Subsection stands.

On subsection 39—Hull.

Mr. CANTLEY: With all due deference to the compiler of the bill I would suggest that subsection 39 is not properly worded. It reads as follows:

"Hull" means the body of a vessel including the masts and rigging and all parts of its structure.

I submit that it should read:

"Hull" means the body of a vessel including the structure, spars, rigging and tackle.

I suggest that the word "spars" is much more comprehensive than the word "masts", because there are spars in addition to the mast. I believe, further, that rigging and tackle should be included in the term "hull".

Subsection 39 stands.

Subsections 40 to 88 inclusive agreed to.

On subsection 89—Sailing ship.

Mr. MYERS: I should like to say a word about subsection 89. May I draw the minister's

attention to the fact that down around the maritime provinces we have a number of small sailing ships ranging from 50 to 150 tons. Although they are sailing ships, most of them are fitted with auxiliary engines. Am I right when I say that there is nothing in the bill to interfere with them operating as they now are?

Mr. DURANLEAU: That is right.

Mr. BENNETT: The hon. member will notice that in the last part of the subsection appear the following words:

And which, in addition, is provided with mechanical means of propulsion.

Mr. MYERS: But only with an engine of three nominal horsepower.

Mr. BENNETT: Yes.

Mr. DURANLEAU: But that is actually brake horsepower.

Mr. HANSON (York-Sunbury): I suggest the minister should give some consideration to the clarification of this definition. The last clause might be amended to read "So as to include". I believe that is the idea, namely to include a vessel having mechanical power of not more than three nominal horsepower.

Mr. BENNETT: I think the word "and" should be "or".

Mr. HANSON (York-Sunbury): I am not quite sure as to what the amendment should be but I do suggest that at the present time it does not read correctly.

Mr. DUFF: It is all wrong. The whole thing is wrong.

Mr. BENNETT: I believe the word "or" should be used.

Mr. HANSON (York-Sunbury): I suggest the minister should give some consideration to the wording. Then, may I make the further suggestion that they raise the ante.

Mr. DURANLEAU: Do you wish to have it stand?

Mr. HANSON (York-Sunbury): I am merely making representations; I do not care what happens to it.

Mr. CASGRAIN: Something has been drawn to my attention which, it seems to me, should be mentioned to the committee. I have before me a copy in English of Bill E of the Senate, an act respecting shipping, as passed by the Senate on May 31, 1934. I have, also, the French version of Bill E, Senat du Canada, Loi concernant la marine marchande. When I compare the French and English versions of the definitions we are now passing I find they do not correspond. For instance, in the English version I find in subsection 88 the words "Safety radiotelegraph certificate". Then, I find that subsection 88 in the French version is as follows:

(Translation) "Chairman" (président) means the Chairman of the Board of Steamship Inspection (8).

Mr. CHEVRIER: Would the hon. gentleman look at definition 16 in the French version?

Mr. DORION (Translation): Mr. Chairman, if the hon. member for Charlevoix-Saguenay (Mr. Casgrain) had read the explanatory note which is at the bottom of the first page, he would have found the following:

The definitions are arranged alphabetically. At the end of each is found the number of the corresponding definition in the French version of this act, the alphabetical order being necessarily different in the two languages.

Therefore, we are following the alphabetical order of the French definition. The same applies to the English definitions. That is why the numbers do not correspond.

Mr. BENNETT: There are certain difficulties in the French translation. When the English copy was finished the French translation was entrusted to Mr. Montigny, and it has been observed that there are several discrepancies between the English and the French sections. I am glad that the hon. gentleman has brought it to the attention of the committee because it had to be done sooner or later. The French version has been sent back to Mr. Montigny for correction.

Mr. CHEVRIER: May I point out that if hon. gentlemen will look at the end of the subsections they will note the number of the corresponding definition in the French version. For instance, the corresponding French definition of the English definition of Safety Radiotelegraph Certificate in subsection 88 will be found in subsection 16 of the French version.

Subsection stands.

Subsections 90 to 93 inclusive agreed to.

On subsection 94—Ship.

Mr. REID: Might I point out to the minister that there are two definitions, one of ship, and the other of vessel. I do not think the definition of "ship" goes far enough. When we get to section 3 the word "vessel" is used. "Ship" is defined as including every descrip-

tion of vessel used in navigation not propelled by oars. That might mean that to come under the definition of "ship" a vessel has to be self-propelled, but out on the Pacific coast we have what are called log barges. The logs are piled on top of one another to the height of perhaps eight feet. A patent was obtained for this type of barge. I do not think it would be included in this definition.

Mr. BENNETT: The definition of "ship" covers it.

Mr. DURANLEAU: I suppose that the situation my hon. friend speaks of has existed for years.

Mr. REID: No. At the moment I do not remember the exact name of the type of barge I am speaking of but it was patented a few years ago, and before you can use that type for towing logs you must obtain permission from the patentee. The booms of logs are piled one on top of the other, and these rafts travel quite a distance. They are different from any other form of navigation.

Mr. DURANLEAU: I hope my hon. friend will be satisfied when I tell him that this definition has existed in the British law and in our own law for years, and we have never had any trouble over it, so I do not think it will be necessary to make any change.

Mr. REID: I do not doubt that it has been in the British law.

Mr. DURANLEAU: And in the Canada Shipping Act. It has been the law of the land for years, and there has never been any objection or complaint.

Mr. BENNETT: The definition covers every kind of vessel.

Subsection agreed to.

Subsections 95 to 98 inclusive agreed to.

On subsection 99—Sick mariner.

Mr. CANTLEY: There is some mistake in this definition. It says:

"Sick mariner" includes any person employed on board any ship in respect of which the duty has been paid.

That must be a mistake. I suppose what is meant is any person whose services on the ship are being paid for. It is not right as it is. Some of the lawyers can fix it up.

Mr. CHEVRIER: And afterwards somebody will complain about the translation.

Mr. BENNETT: The hon. member for Charlevoix-Saguenay has been.

[Mr. Reid.]

Mr. REID: Suppose a ship comes in for the first time with a sick mariner whose dues or tolls are not being paid for, how is he taken care of?

Mr. DURANLEAU: It is the responsibility of the master of the ship. The word "duty" is the word employed in the sections.

Subsection agreed to.

Subsections 100 and 101 agreed to.

On subsection 102—Tackle.

Mr. CANTLEY: There is something lacking here. It says:

"Tackle" used in relation to a vessel means the tackle ... used on board a ship for the loading and unloading thereof.

But that is not the only tackle used. The ground tackle is just as important as any other tackle, and it is not referred to here at all. I think this clause should be amended to include ground tackle.

Mr. BENNETT: The word has a limited meaning attributed to it for a purpose. When the word is afterwards referred to, it will be found that is the only meaning attributable to it. That is the reason the limitation is imposed upon it.

Mr. DURANLEAU: This definition was adopted last year in chapter 52. It comprises the tackle on the ship only, not tackle outside the ship.

Mr. REID: Why is the tackle used outside the ship not also included? A man may be injured by tackle not on the ship, by tackle not only on a wharf but on a lighter on the other side of the ship. I think this definition should be amended to include tackle outside the ship.

Mr. DURANLEAU: I think that men injured on the wharf would be taken care of under the Workmen's Compensation Act.

Mr. REID: It may be a sailor on board the ship who is injured by tackle on the shore.

Mr. DURANLEAU: We will let the subsection stand if that is the wish of my hon. friends.

Subsection stands.

Subsection 103 agreed to.

On subsection 104—Tug.

Mr. REID: The definition reads:

"Tug" means a steamship used exclusively for towing purposes.

What about a tug that is used exclusively for salvage purposes and may not be doing any towing at all?

Mr. DURANLEAU: If a boat is employed for salvage purposes she is not a tug. She is an ordinary ship.

Mr. REID: They may not be technically described as tugs but that is the common name used.

Mr. DURANLEAU: Under the law a tug is a vessel employed exclusively for towing purposes. Even though other boats may have the form or appearance of a tug, they are not called tugs officially.

Mr. REID: Is a definition for salvage given in the bill?

Mr. BENNETT: There is no definition but there is a section dealing with it.

Mr. REID: I notice the definition for timber is left out of this bill.

Mr. DURANLEAU: The reason is obvious.

Mr. REID: What is the reason?

Mr. DURANLEAU: It does not need any definition; what a timber is is well known.

Subsection agreed to.

Subsections 105 and 106 agreed to.

On subsection 107—Vessel.

Mr. BENNETT: I think vessel is sufficiently defined to meet the hon. gentleman's difficulty. He would have seen this if he had looked.

Subsection agreed to.

Subsections 108 to 112 inclusive agreed to.

On subsection 113—Year.

Mr. REID: The bill last year defined "young persons" but it does not seem to be taken care of here.

Mr. DURANLEAU: My information is that that phrase appears in only one section and is defined in the section itself.

Subsection agreed to.

On section 3—Vessels not yet registrable may be recorded.

Mr. REID: Throughout the bill there are only the two words "vessel" and "ship" used and I note here that every vessel is to be registered. The definition of vessel is:

"Vessel" includes any ship or boat or any other description of vessel used or designed to be used in navigation.

I should like to know if a person building a scow would have to register that scow? It would appear to me that a scow would have to be registered according to that definition, and I don't believe they should.

Mr. DURANLEAU: The word "vessel" is applied to ships which are not completely built. When they start construction we call them a vessel for recording purposes.

Mr. REID: That is my point. According to the definition, "vessel" includes any ship or boat or any other description of vessel used or designed to be used in navigation. A scow is used in navigation. These scows are used quite extensively on the Pacific coast and according to this definition, under section 3 a builder or owner of a scow would have to go and have it registered.

Mr. DURANLEAU: They are not bound to do it unless it is over ten tons capacity.

Mr. REID: They have large scows on the Pacific coast which have a greater capacity than ten tons.

Mr. DURANLEAU: My hon. friend knows that a scow is not a ship because it is not propelled by any power; it is a vessel.

Mr. REID: Davis raft were the words I was trying to remember. The Prime Minister (Mr. Bennett) said that "vessel" and "ship" would take care of it all. According to the definition a vessel is any ship or boat or any other description of vessel used or designed to be used in navigation. A scow is used in navigation.

Mr. DURANLEAU: A scow is a vessel.

Mr. REID: It will be necessary to have a scow registered, according to that definition?

Mr. DURANLEAU: This section is to cover the recording of ships when building is started. Although a scow is called a vessel, it will not need to be recorded. This section is to permit the recording of a ship during the course of its construction in order that security may be taken on that vessel. When it is built and launched, it then becomes a ship.

Mr. MACKENZIE (Vancouver): In the suggestions forwarded by the Vancouver Chamber of Shipping, the following definition of scows was given:

"Scow" means a vessel having no rudder and no sails or other means of propulsion and having a deck without hatches or openings save such as are provided for the purposes of ventilation and inspection, and which carries no cargo under her deck.

I understand that that definition was rejected by the committee in the other place.

Mr. REID: In spite of what the minister says, we must take the definition of "vessel" which is given, and that definition includes any ship or boat or any other description of vessel used or designed to be used in navigation. A scow is used in navigation and I am asking the minister if, under section 3, a man who is building a scow would have to have it registered?

Mr. DURANLEAU: I am told by the law department that a scow would not have to be recorded. In connection with the remarks of the hon. member from Vancouver Centre (Mr. Mackenzie), my information is that these suggestions were studied carefully by the subcommittee of the Senate. That committee came to the conclusion that the definitions which appear in this bill cover the whole point. I am told that these vessels are only employed on the Pacific coast.

Mr. LAPOINTE: Which section of the bill makes an exception in the case of a scow? I think my hon. friend is entitled to an answer.

Mr. REID: The definition of "ship" includes barges, but the definition of "vessel" is entirely different. Vessel is mentioned in section 3 and in order to get a definition of the word, we must go to the interpretation clause.

Mr. DURANLEAU: If my hon. friends have any other definitions to suggest we are quite prepared to examine them.

Mr. CHEVRIER: Section 3 states, "every vessel, which is about to be built or is being built." "Vessel" is defined as including any ship or boat or any other description of vessel used or designed to be used in navigation. Such a vessel would have to be built already while section 3 refers to a vessel about to be built or being built. There are hundreds of such things throughout this bill. Somebody will be complaining about the translation but you cannot translate something that is not proper.

Mr. DURANLEAU: My hon. friend may be more expert than I am in marine matters or the construction of ships, but my information from the legal department is that only ships over ten tons will have to be registered, under this legislation.

Mr. CHEVRIER: That has nothing to do with the registration. Clause 3 reads:

Every vessel, which is about to be built.

Mr. DURANLEAU: Vessels have to be recorded before they are registered.

[Mr. I. A. Mackenzzie.]

Mr. CHEVRIER: But the minister forgets that the definition of "vessel" is:

"Vessel" includes any ship or boat or any other description of vessel used or designed to be used in navigation.

If it is used, it must have been built, yet clause 3 reads:

Every vessel, which is about to be built.

Mr. REID: With all deference to the minister, apart from what he says we are going by the bill; the bill is our guide and after it has been passed it will be the guide and law for all shipping. This definition should receive a great deal of consideration because the words "vessel" and "ship" are defined in the bill and under clause 3 it is required that every vessel about to be built or equipped in Canada shall be recorded. I ask the minister whether under this the owner or the builder or a person about to construct a scow would first of all have to have it registered.

Mr. MYERS: I believe subclause 107 of clause 2 would be improved if there were added at the end of it the words "other than scows."

Mr. REID: Scows or barges.

Mr. MYERS: I know on the Atlantic there are hundreds of barges which are used by dredging companies and which carry from thirty to forty tons. This addition might clarify the matter.

The CHAIRMAN (Mr. MacDonald, Cape Breton): We are dealing with clause 3 which refers to a vessel that is not yet a vessel. It is on the stocks; it is not yet finished and it cannot be registered.

Mr. REID: But I was drawing the attention of the committee to the fact that a person about to build a scow or barge would under this clause have to go and have that scow or barge registered.

Mr. DURANLEAU: No. If my hon. friend will read the first three or four lines of the clause he will see that it applies only to a construction which will become a ship and then be registered. The clause reads:

Every vessel, which is about to be built or is being built or equipped in Canada and which, when completed, launched and/or equipped will be a ship registrable in Canada as a British ship.

So my hon. friend will see clearly that this applies only to ships in course of construction.

Mr. REID: This just shows, as I have stated previously that this bill should be considered by a small committee. I am glad the minister mentioned the word "ship." The

word "ship" under the definition includes a barge. First of all you have a vessel about to be built. When it is built it becomes a ship and therefore comes under subclause 94 of clause 2, which defines "ship" to include a barge. The definition of "ship" is:

"Ship" includes every description of vessel used in navigation not propelled by oars. . . . It shall include every description of lighter, barge or like vessel used in navigation in Canada however propelled.

Your own words, Mr. Minister, confirm what I am saying.

Mr. DURANLEAU: My hon. friend will notice that the second sentence of subclause 94 of clause 2 is only for certain parts of the act:

"Ship" includes every description of vessel used in navigation not propelled by oars.

Then:

For the purpose of part I—

This is only for part I—

—(recording, registering and licensing) and sections 649 to 654 inclusive of this act (limitation of liability) it shall include every description of lighter, barge or like vessel used in navigation in Canada however propelled.

My hon. friend will see that the definition of "ship" applying to smaller vessels is only for the purposes of certain parts of the measure.

Mr. REID: For the purpose of part I, which is recording, registering and licensing.

Mr. MACKENZIE (Vancouver): May I further point out to the minister that under clause 367, Bill J, it was suggested to the minister last year that the words "other than scows" be inserted, because otherwise it would mean that scows would under that clause be liable for the payment of sick mariners' funds although no scows require as a rule to carry crews. This was pointed out to the minister a year ago.

Mr. DURANLEAU: We will let subclause 107 of clause 2 stand.

The CHAIRMAN (Mr. MacDonald, Cape Breton South): We have passed subclause 107 of clause 2. We have passed everything down to part I of the bill. Now we are dealing with clause 3 of the bill.

Mr. MACKENZIE (Vancouver): Let clause 3 stand.

Mr. CHEVRIER: If there are any definitions that conflict with clause 3, surely, even if they have been passed we should have a right to return to them.

Section stands.

Section 4 agreed to.

On section 5—Ownership of recorded vessels remains unchanged until bill of sale recorded.

Mr. CANTLEY: I want to bring before the committee a case in regard to this. I do not know whether this is the proper clause, but I would like to ask the minister whether any duty is imposed upon the registrar, when ownership is changed to another port in Canada, to give notification of the change of ownership to the registrar of the port to which the ownership has been changed. My reason for asking that is this, if the committee will pardon me for bringing in a personal matter. Twelve or fourteen years ago I built a steel vessel in New Glasgow which I operated for some time. Later I sold her while she was lying in Boston through a broker, a former Nova Scotian, who conducted a ship brokerage business there for many years. I went to the custom house in Pictou, saw the registrar of shipping, and made the usual declaration of change of ownership. That change of ownership was registered on the shipping register of the port of Pictou. The new certificate of ownership was issued in the new owner's name, on his statement that he was a citizen of Toronto, Ontario. He kept the register on board the ship as by law he had to do, but never registered the ship in the port of Toronto where he said he resided and where he said he wanted the vessel registered. Afterwards the ship was seized as a rum runner, and a few days later the Halifax Chronicle published an item to the effect that the vessel had been seized and that by application to the registrar's office in Pictou they had found the owner was Thomas Cantley, New Glasgow, M.P. for Pictou. At that time I was a member of this house. This ship made history inasmuch as she was the first vessel that was seized by the United States authorities after Great Britain agreed to the twelve mile limit. My question to the minister is: In that case, should the registrar of shipping in Pictou, after closing of the register there, not have transferred the certificate of change of ownership to the registrar's books in Toronto? If not, is there any provision in the act now before the house that will take care of such a case? I submit it is a matter that should be rectified. I ask the minister to take it into consideration.

Mr. DURANLEAU: I do not think there is any provision in the bill that would put on the owner the obligation to declare change of ownership in another port than the port of registration.

Mr. CANTLEY: The minister can understand what is involved. Many things may

happen. The new owner may obtain credit in view of the fact that apparently the vessel is still owned in Pictou still registered there whereas in fact it has been removed from the registry in Pictou and should have been put upon the registry in Toronto. That I submit, should be remedied.

Mr. DURANLEAU: We shall take into consideration the suggestion made by my hon. friend and report at the next sitting.

Mr. CHEVRIER: May I call attention to the wording of the section:

(1) For the purposes of the provisions of this part of this act which relate to recording of vessels the owner of every recorded vessel which is being built shall identify it by painting on a board, maintained near the place in the yard of the builder where the vessel is being built, on a dark ground, in white or yellow figures.

Did anyone ever hear of a vessel being built on a dark ground!

The CHAIRMAN (Mr. MacDonald, Cape Breton): That section has been carried.

Mr. CHEVRIER: Well, I think it should be changed and worded properly. I am not going to be a party to such a ridiculous statement.

Mr. DURANLEAU: That means light letters on a dark board.

Mr. CHEVRIER: Then why complain about the translation.

Mr. DURANLEAU: That has been the law of the land for years.

Mr. CHEVRIER: Let us change it.

Mr. CASGRAIN: In French it says "fond sombre."

Section agreed to.

On section 6—Qualification for owning British ships.

Mr. REID: I think an explanation should be given why the word "British" has been substituted for the word "Canadian." I hold as high a regard for Britain or the name British as any man in this house, having been born there, but coming to this land which I have adopted I believe the time has come when we should be proud enough to use the word "Canadian." I think an explanation should be given why all through this bill the word "British" is used instead of the word "Canadian."

Mr. CASGRAIN: "Canada first" policy.

[Mr. Cantley.]

Mr. DURANLEAU: I am not sure if this is not to accord with the convention between the different parts of the empire. All British subjects have a right to register ships in Canada.

Mr. REID: But since the statute of Westminister I thought we were starting off as an independent young nation and calling ourselves Canadian.

Mr. DURANLEAU: But in matters of ships and their registration all British subjects are on the same footing.

Mr. REID: That does not answer the question.

Mr. MACKENZIE (Vancouver): I think the hon. member will find the answer in the definition of "British ship" in the interpretation section:

(5) "British ship registered in Canada" and "ship registered in Canada" means a ship registered in Canada either under the provisions of this act or under the provisions of the Merchant Shipping Acts before the coming into force of this act.

My interpretation is that the word "British" is used to secure uniformity, and include both classes of vessels, those registered before the coming into force of this act and those registered under this act.

Section agreed to.

Sections 8 to 18 inclusive agreed to.

On section 19—Port of registry.

Mr. REID: I think it is hardly fair that British ships registered in London should operate all the time in Canadian waters. I think British ships working and making a profit in Canada should be registered in Canada. There are many steamship companies operating here which have their ships registered in London, and certain favours accrue to them thereby. I am of the opinion that any ship owners who have ships trading on our Pacific or Atlantic coasts, and whose ships are used exclusively in those waters, should be made to take out registration in Canada.

Mr. DURANLEAU: Perhaps my hon. friend does not know that it is an imperial agreement between all parts of the empire. It is reciprocal. Our Canadian ships have the same privileges in any ports of the empire that other British ships have in Canada.

Mr. REID: I would not protest so much but I know in regard to the Canadian Pacific Steamship Company whose ships are registered in London that they bring out masters, en-

gineers and men from Great Britain and employ them on those ships to the detriment of our own men. They refuse to accept our men and refuse to accept certificates of competency of our seamen. I believe that apart from any imperial agreement a British ship doing business solely in Canadian waters should be compelled to register in Canada. I think it is only right.

Mr. DURANLEAU: That question would not come under this section. It will come elsewhere in the bill.

Mr. REID: Then we will come to it later on?

Mr. DURANLEAU: Yes.

Section agreed to.

Sections 19 to 32 inclusive agreed to.

On section 33—Endorsement of change of ownership on certificate.

Mr. LAPOINTE: On some sections there are no notes indicating whether it is the old law or whether they are new sections. There is nothing to show whether there is any change in the British or Canadian acts.

Mr. DURANLEAU: I think this enactment will be found in our statute, chapter 186 of the revised statutes of Canada.

Mr. MACKENZIE (Vancouver): The new sections are marked, are they not?

Mr. DURANLEAU: Yes.

Section agreed to.

Sections 34 to 43 inclusive agreed to.

On section 44—Effects in law of a builder's mortgage.

Mr. CASGRAIN (Translation): I note that this section 44 is a new one. Does it contain any improvements; if so, what are they? Could the hon. minister explain the reason for such a change?

Mr. DURANLEAU: This section takes the place of about fifteen sections which were in the old act.

Section agreed to.

Sections 45 to 52 inclusive agreed to.

On section 53—Transmission of interest of mortgagee.

Mr. VENIOT: Do you not think we would make a little more progress if some of our friends on the opposite side took a little more interest in this bill? There are only about ten of them in the committee, considering this bill to which such absolute objections have been made from this side of the house. They have not enough courtesy to attend and support their own bill. They have to depend for the passage of a measure of this kind on the members who have protested strongly against it. I think members on the other side are showing very little courtesy to the minister by leaving him alone. If hon. members on this side had gone out there would not have been a quorum, and the bill could not have been proceeded with.

Section agreed to.

Sections 54 to 88 inclusive agreed to.

On section 89—National colours for ships, and penalty on carrying improper colours.

Mr. DURANLEAU: Mr. Chairman, I shall ask the Right Hon. Sir George Perley to move:

That after the word "shield" appearing in line twenty-nine of subsection 1, the words "of the coat of arms" be inserted.

Undoubtedly those words have been omitted in error.

Sir GEORGE PERLEY: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 90 to 93 inclusive agreed to.

On section 94—Deductions for ascertaining tonnage.

Mr. REID: I notice that certain exemptions are put in for tonnage, and I am wondering what is to be done about the forecastle, bridge space and shelter decks. Are they taken care of in the bill?

Mr. DURANLEAU: These are exactly the same measurements as are mentioned in the Merchant Shipping Acts.

Mr. REID: Does that answer my question? Tonnage is an important feature in this bill.

Mr. DURANLEAU: The places mentioned by my hon. friend are included in the tonnage.

Mr. REID: They should be excluded. We are dealing with exemptions. I find in subsection 1 the words "deductions shall be made from the space."

Mr. DURANLEAU: I understand this is the under deck tonnage and the spaces mentioned by my hon. friend are included in that tonnage.

Mr. REID: Subsection 1 reads:

In measuring or remeasuring a ship for the purpose of ascertaining her register tonnage, the following deductions shall be made from the space included in the measurement of the tonnage, namely,—

And so on. I do not see any mention of the forecastle bridge space or shelter decks, although other points in the ship are mentioned in subsection 2.

Mr. DURANLEAU: There are no exemptions for the spaces mentioned by my hon. friend.

Mr. REID: Should there not be? You are exempting:

(ii) any space used exclusively for the working of the helm, the capstan, and the anchor gear, or for keeping the charts, signals, and other instruments of navigation, and boatswains stores; and

(iii) the space occupied by the donkey engine and boiler, if connected with the main pumps of the ship; and

(iv) any space (other than a double bottom) adapted only for water ballast; and

(b) In the case of a ship wholly propelled by sails, any space set apart and used exclusively for the storage of sails.

Yet there is no provision for the exemption of the forecastle, the bridge space and shelter decks. It shows how important these sections are and I am surprised that it is being passed so quickly. There will be many errors in it.

Mr. DURANLEAU: This is the law which has been in existence for years.

Mr. CASGRAIN: Can we not improve it?

Mr. DURANLEAU: In existence both in Canada and in Great Britain.

Mr. LAPOINTE: But people have been complaining about it.

Mr. CASGRAIN: Can we not improve it?

Section agreed to.

Sections 95 to 99 inclusive agreed to.

On section 100—Deck cargo.

Mr. REID: I notice that there is a change in this instance. In subsection 1 of section 100 I find the words, "carries into Canada as deck cargo." I am of opinion that the section should stand, because it deals with the dues placed on a ship.

Section stands.

Sections 101 to 105 inclusive agreed to.

[Mr. Duranleau.]

On section 106—Licences to ships not required to be registered.

Mr. REID: This section should stand for further consideration, because I believe it affects the fishermen.

Mr. DURANLEAU: How does it affect the fishermen? What is your suggestion?

Mr. REID: At the moment I have not drafted my amendment, and I should like the section to stand until I can give it further consideration, because it has a bearing upon the fishermen.

Mr. DURANLEAU: I am told it costs nothing to the fishermen, and that they do not have to apply for a licence.

Mr. REID: They have not to apply?

Mr. DURANLEAU: No, it does not affect the fishermen at all. That is my expert opinion.

Section agreed to.

Sections 107 to 113 inclusive agreed to.

On section 114—Ships to be provided with certificated engineers.

Mr. REID: Why is the word "steamship" used throughout the act? There is no mention of any auxiliary ship or vessel.

Mr. DURANLEAU: "Steamship" is a Canadian expression; "steamer" is British. The Senate came to the conclusion that they should use the word "steamship" instead of "steamer."

Mr. REID: I note that in a subsequent section a certificate given to an officer acquainted with a steamship qualifies him for a motor-driven vessel, but an expert in motor-driven vessels is not qualified to become an officer on a steamship.

Mr. GUTHRIE: Subsection 101 of the definition clause reads:

"Steamship" or "steamer" (except as may be provided under the load line rules) means any ship propelled by machinery, and not coming within the definition of sailing ship.

The words are interchangeable in the definition.

Mr. FRASER (Cariboo): Has the minister received any requests from the engineers for a modification of the regulations in regard to the number and class of engineers who shall be employed on vessels?

Mr. DURANLEAU: Yes, there were requests from the association.

Mr. FRASER (Cariboo): Have they been met?

Mr. DURANLEAU: Their representatives were heard by the Senate, where the point was discussed at length, and I am told their suggestions could not be accepted.

Section agreed to.

On section 115—Grades of certificates of competency.

Mr. CANTLEY: What is the meaning of lines 2 and 3 on page 56, reading:

(d) Sailing ship;
(e) Fore-and-aft rigged sailing ship.

They are both sailing ships; why the distinction?

Mr. DURANLEAU: The sailing ship is the squaresailed ship. That is the general term.

Mr. CANTLEY: They are both sailing ships.

Section agreed to.

Sections 116 to 120 inclusive agreed to.

Section 121 stands.

Sections 122 to 129 inclusive agreed to.

On section 130—Recognition of certificate.

Mr. REID: I would like to have moved an amendment to this section. In explanation I would draw the minister's attention once more to the fact that engineers and first and second mates have been refused employment on board ship at the port of Vancouver and the port of New Westminster because the captain or those in authority would not recognize the certificate of competency issued by the Canadian authorities. It is all very well to say that this is a reciprocal matter, and that what another country does we will do, but I repeat that ships registered in Great Britain and plying between the Britsih Isles, Vancouver, and the Orient have consistently refused to accept Canadian officers because they had not certificates issued by the British Board of Trade. I think it should be made mandatory in this clause that a certificate of competency issued under the authority of the Minister of Marine or other competent authority in Canada shall be accepted for engineers and first and second mates on British vessels. I think that is only fair. I could cite case after case of men being refused because they did not hold a certificate from the British Board of Trade, and not only were they refused but men were brought out from Great Britain to fill those positions, and the excuse given was, "We are very sorry, but we cannot engage you because you have not papers recognized by the Board of Trade, London." I would like to move an amendment to this clause. It is a very serious matter, and I think now is the time to remedy the situation.

Mr. DURANLEAU: I will ask that this section stand, but I am afraid that as this is a reciprocal arrangement it comes under the British commonwealth agreement of 1931. I would suggest to my hon. friend to send in his amendment and we will consider it, and if it is possible to incorporate such an amendment we will do so.

Section stands.

Sections 131 and 132 agreed to.

On section 133—Master must produce certificate on clearance.

Mr. CANTLEY: Is subsection 2 the present law?

Mr. GUTHRIE: That is the present law.

Mr. DURANLEAU: It is chapter 186, section 100.

Section agreed to.

Section 134 to 142 inclusive agreed to.

On section 143—Shipping masters.

Mr. REID: Has the minister given any consideration to the issuing of certificates to shipping masters? In certain ports it would seem as though anyone can be appointed as shipping master whether or not he has any knowledge of ships. This bill is providing regulations for captains, mates, engineers and so forth but there is nothing in connection with shipping masters. I think these men should undergo some examination. I know of one case where the harbour master is also the shipping master and is paid as such.

Mr. DURANLEAU: These officers are appointed by the government and the government takes the responsibility in connection therewith. Before an appointment is made we ascertain if a man is qualified for the position.

Mr. REID: Is shipping master and harbour master the same?

Mr. DURANLEAU: No.

Section agreed to.

Sections 144 to 162 inclusive agreed to.

On section 163—Agreement with crew.

Mr. REID: Has the minister given any consideration to having agreements made between the masters and crews of home trade ships? There are ships engaged in home trade on the Pacific coast carrying between three and four hundred employees and according to this section they would be exempt from entering into any agreement with the crew. On the other hand a much smaller ship not engaged in home trade would have to have an agreement.

Mr. DURANLEAU: My hon. friend will see that this is covered by section 167.

Section agreed to.

Sections 164 and 165 agreed to.

On section 166—Agreements with crew of foreign-going ships.

Mr. REID: Will this section take care of all foreign ships coming to Canada from abroad?

Mr. DURANLEAU: Yes.

Section agreed to.

Section 167 agreed to.

On section 168—Agreements with crew of inland water ships.

Mr. DURANLEAU: There is a clerical error in this section which will have to be corrected. I will ask the Minister of Justice (Mr. Guthrie) to move to strike out the word "eight" in line 45 and substitute the word "nine" therefor.

Mr. GUTHRIE: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 169 to 178 agreed to.

On section 179—Engagement of seamen out of Canada.

Mr. REID: Can the minister give any assurance as to reciprocal arrangements in connection with the engagement or hiring of seamen? Will action be taken so that British ships registered in London and plying in Canadian waters will engage Canadian seamen? It is all very well to have a reciprocal arrangement, but so far it has been one-sided in favour of British ships operating here and registered in London.

Mr. DURANLEAU: As my hon. friend knows all agreements among the different dominions have to be enacted in a statute of each dominion. We undertake to enact as we are doing now with the understanding that the other parts of the empire will do the same.

Mr. REID: I do not think the minister has fully grasped my point. Great Britain is at present taking certain action in favour of her own seamen on her own ships operating in Canadian waters. My question is: Why cannot we do the same thing in Canada now and have reciprocal arrangements with the British ships?

Mr. DURANLEAU: My hon. friend will understand that we can control our own ships but we cannot control ships other than our own.

Section agreed to.

On section 180—Rating of ablebodied seamen.

Mr. REID: I think this clause should stand because as it reads it loses sight of the fact that a man may have been engaged on, say the Canadian National ferries for two or three years and on certain classes of fishing boats. In this clause his service is defined that before he is entitled to the rating of A.B., it shall count as sea service only up to a period of two years on decked deep sea fishing vessels and the rating of A.B. shall only be granted after at least one year's sea service on a trading vessel in addition to two or more years' sea service on board of decked fishing vessels. I think that clause should be given greater consideration.

Mr. DURANLEAU: Has my hon. friend any amendment to suggest? If so, I will let the clause stand and consider the amendment he proposes. I am informed that this clause applies only to deep sea ships and cannot apply to ferries.

Mr. REID: I know. Perhaps the minister did not get my point. There are seamen engaged on ferries travelling, say between Port Mann and Vancouver island who get as much experience as a man on board a decked fishing vessel, as the decked fishing vessel may be operating in exactly the same waters. The clause does not cover men who may have served, shall I say, apprenticeships on board those Canadian National ferries.

Mr. DURANLEAU: Let the clause stand.

Section stands.

On section 181—Discharges before shipping master.

Mr. REID: I must at this time draw the attention of the minister to a serious state of affairs which is not taken care of in this clause which, I believe, refers to the discharging of seamen at certain ports. I have a case where a man was engaged on a ship in Vancouver going to Montreal and on reaching Montreal was discharged and left stranded. Under this clause I believe provision is made to take care of a seaman stranded on a foreign shore or, say in Great Britain but there is no provision to take care of a seaman who may be stranded by a Canadian ship in any port in Canada. A striking case occurred last year. The man went on board the ship in Vancouver in good faith; the boat was carrying lumber to Montreal, and when he reached Montreal he was fired and left stranded.

Mr. DURANLEAU: I think that is taken care of somewhere later on in the bill but I will let the clause stand for the present.

Mr. REID: I have looked through the bill as carefully as I can but cannot find such a provision. The matter should be taken care of.

Section stands.

On section 182—Certificate of discharge.

Mr. CANTLEY: Is there not a change or omission in the last line of subclause 1 of this clause in regard to the statement on a seaman's discharge certificate? It reads:

But not containing any statement as to his wages or the quality of his work.

The practice has hitherto been that on the discharge of a seaman he has been given a certificate of discharge with four letters on it: "O," "G," "V.G."; "O" meaning ordinary; "G" meaning good, and "V.G." meaning very good. He was entitled to have those letters appended to his certificate of discharge, but so far as I can see that is not provided for here.

Mr. DURANLEAU: Subclause 1 of clause 182 has been taken from the Merchant Shipping Act.

Mr. CANTLEY: I think that should be looked into. I do not think it is right.

Mr. DURANLEAU: We will let the clause stand.

Section stands.

Sections 183 to 268 inclusive agreed to.

On section 269—Official logs.

Mr. CANTLEY: Is there any change in this section?

Mr. DURANLEAU: No, this is from the Canada Shipping Act.

Section agreed to.

Sections 270 to 278 inclusive agreed to.

On section 279—Employment of children on board ship.

Mr. DURANLEAU: I have one or two minor amendments to this section in order to clarify the wording. At line 13, after the word "no" insert the words "child being a." At line 20, after the word "no" insert "young person not being a child and being a." On page 115, line 1, after the word "no" insert "young."

Mr. GUTHRIE: I move accordingly.

Amendments agreed to.

Section as amended agreed to.

Sections 280 to 283 inclusive agreed to.

On section 284—Sanction required for discharge of seamen out of Canada.

Mr. REID: I think this is the section to which I should have referred a moment ago when I spoke with regard to seamen who were stranded in ports in Canada. This section reads:

The master of a ship registered in Canada shall not discharge a seaman at any place out of Canada (except at a port in the country in which he was shipped)—

Mr. DURANLEAU: Let it stand.

Mr. REID: I think this section should stand.

Section stands.

Sections 285, 286 and 287 agreed to.

On section 288—Expenses of medical attendance in case of injury.

Mr. REID: I think in connection with this section it would be advisable to look into the question of compensation. Under the present shipping act the seaman is cared for in regard to illness, death, discharge and so forth, but there is no provision for compensation. A case occurred last year in which a man engaged on a government ship lost a finger. He might easily have lost an arm or a leg, and this brings up the question of men who are injured at sea, with no provision being made for compensation. This man was on the William J. Stewart; when nearing the British West Indies he met with a serious

accident to his hand. Although he asked to be put ashore in the British West Indies he was not allowed to go to the hospital there because the ship was carrying a skeleton crew. The ship returned from the British West Indies to Collingwood, Ontario, and from there it went to British Columbia. This seaman was discharged at Victoria, and was promptly given the benefit of the provisions concerning medical attention and so forth. He applied to the compensation board at Vancouver, but his application for compensation was turned down because he did not come under any compensation laws of any province. That seaman is minus a finger as a result of obeying the commands of the master of that ship. Although his hand was badly injured he carried on his work because the ship did not have enough men on board; it had only what is called a skeleton crew. There is no provision at all for compensation to seamen; the matter is very serious, and now that the act is being revised I think some section might stand in order to see if it is not possible to provide for compensation to seamen.

Mr. DURANLEAU: I understand that in the circumstances mentioned by my hon. friend the seaman would come under the different compensation acts of the different provinces, but at any rate we will let this section stand in order to see what may be done.

Mr. REID: That is not the information I have from British Columbia. That case came before the board and I understand they refuse to take care of seamen, especially those travelling to foreign ports.

Mr. DURANLEAU: We will let the section stand in order to obtain more particulars from my hon. friend about this case.

Mr. REID: It emphasizes the point I made earlier in the discussion, that representatives of the seamen's union should have been before a committee, either of the house or of the Senate, to give their views with regard to wages, hiring and firing, and so on.

Section stands.

Sections 289 to 298 inclusive agreed to.

On section 299—Proper return port.

Mr. REID: I believe this section has a bearing on the discussion we had previously. The last part of the section reads:

> Provided that in the case of a seaman shipped in Canada the return port shall be in the same province in which he was shipped unless otherwise agreed to by him as aforesaid.

[Mr. Reid.]

That has a bearing on the case I drew to the minister's attention in which a man was engaged in one part of Canada and discharged in another.

Section stands.

Sections 300 to 303 inclusive agreed to.

On section 304—Minister may rent and equip premises for hospitals.

Mr. REID: What hospitals are designated?

Mr. DURANLEAU: This part of the act comes under the Department of Health. I am informed the section would include hospitals in every part of the country.

Mr. REID: The section refers to the "minister." I presume it refers to the Minister of Marine.

Mr. DURANLEAU: The hon. member will notice that subsection 54 of section 2 states:

> "Minister" means the Minister of Marine save in part V of this act (sick mariners and marine hospitals) where it means the minister named by the governor in council to administer that part.

Up to date it has been under the jurisdiction of the Minister of National Health.

Section agreed to.

Sections 305 to 312 inclusive agreed to.

On section 313—Pilotage district of Montreal.

Mr. REID: Would the minister explain why certain pilotage districts are specified?

Mr. DURANLEAU: For a great many years that has been the law of the land.

Mr. LAPOINTE: That is not an answer.

Section agreed to.

Sections 314 to 327 inclusive agreed to.

On section 328—Age limit for active pilot.

Mr. CANTLEY: Sixty-five years is not a fair age at which to retire a pilot. I think the minister should let the section stand.

Mr. DURANLEAU: What are my hon. friend's views?

Sir EUGENE FISET: One hundred years.

Mr. CANTLEY: I would say seventy-five years, but it depends altogether on the man. It is quite unfair to retire an active man at sixty-five years. There are first class pilots on the St. Lawrence who are seventy-five years of age.

Mr. DURANLEAU: My hon. friend will note that in the section there is a provision whereby a pilot reaching the age of sixty-five years can, up to a certain age, renew his licence from year to year.

Mr. CANTLEY: I had not noticed that this clause said so.

Mr. DURANLEAU: I suggest it does. I find in it the words:

Every licensed pilot shall, on attaining the age of sixty-five years, produce and deliver up his licence to the pilotage authority which issued it and such authority may grant him a new licence for one year, and so from year to year, until his seventieth birthday, provided he is declared capable of performing his duties as a pilot by a medical officer appointed by the pilotage authority.

Mr. CANTLEY: I would suggest that the minister make the figures seventy years in the first instance and seventy-five years in the second.

Mr. DURANLEAU: I shall ask to have the section stand. I do not deny the merit in my hon. friend's suggestion, but this is a very important matter. The safety of navigation is an important feature, and I should like to consult experts in the matter.

Section stands.

Sections 329 to 337 inclusive agreed to.

Sections 338 and 339 stand.

Mr. LAPOINTE (Translation): Why?

Mr. DORION (Translation): To add the word "Quebec" after the word "Montreal" in the second paragraph of section 338 and in section 339.

Mr. LAPOINTE (Translation): When will the amendments be discussed?

Mr. DURANLEAU (Translation): We shall come to an understanding in this respect.

Sections 340 to 370 inclusive agreed to.

On section 371—Application of pilot funds.

Mr. CANTLEY: Is there any change in regard to the pilotage funds in the ports of North Sydney, Sydney or Halifax?

Mr. DURANLEAU: No change at all.

Section agreed to.

Sections 372 to 405 inclusive agreed to.

On section 406—Radio-telegraph installation.

Mr. REID: Is there any provision that home ships shall carry radios? Paragraph (a) of subsection 1 reads:

All passenger ships and other ships of sixteen hundred tons gross tonnage or upwards, registered in Canada plying on international voyages shall, unless exempted under the provisions of this act or of the regulations made hereunder, be fitted with a radio-telegraph installation complying with the provisions of article thirty-one of the safety convention and shall carry such operators with such qualifications as are prescribed in the regulations issued hereunder;

There are many ships carrying passengers which go far afield and I think these ships should be made to carry radio. I remember one instance, that of the steamship Princess Mary which struck a rock going up north. Surely vessels of this size should be compelled to carry radio.

Mr. DURANLEAU: I think the point is covered by the following subsection.

Mr. REID: I am not familiar with navigation on the lakes but I think radio should be compulsory on such ships.

Mr. DURANLEAU: Subsection 2, paragraph (b) reads:

This subsection shall also apply to all other steamships of five thousand tons gross tonnage and upwards going on any voyage which is or which includes a voyage of more than two hundred nautical miles from one place to another place: Provided, however, that the governor in council may exempt from the obligations imposed by this paragraph any ship or class of ship if he is of the opinion that having regard to the nature of the voyage in which the ship is engaged or the season of the year or other circumstances of the case, the providing of a radiotelegraph installation or the operation thereof is unnecessary or unreasonable.

I think that covers the point.

Mr. REID: Does the minister think that the minimum tonnage of 5,000 tons is sufficient? A ship of that size is quite large, while the ships I am referring to are probably three or four thousand gross tons.

Mr. DURANLEAU: I think the first part of subsection 2 covers the point. It reads:

All passenger steamships, whether registered in Canada or not, which are not within subsection one of this section

(i) carrying or certified to carry fifty or more persons, including passengers and crew, and going on any voyage which is or which includes a voyage of more than two hundred nautical miles from one place to another place; or

(ii) carrying or certified to carry two hundred and fifty or more persons, including passengers and crew, and going on any voyage which is or which includes a voyage of more than ninety nautical miles from one place to another place; or

(iii) carrying or certified to carry five hundred or more persons, including passengers and crew, and going on any voyage which is or which includes a voyage of more than twenty nautical miles from one place to another place;

Mr. CANTLEY: All these radio regulations are new and I think we had better call it six o'clock in order that we may have a little time to consider them. I should like to know if these regulations were arrived at after consultation with the British Board of Trade.

Mr. DURANLEAU: All these enactments were adopted by the convention of the different parts of the empire held in 1931.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock, Mr. Smith (Cumberland) in the chair.

The CHAIRMAN (Mr. Smith, Cumberland): When the committee rose at six o'clock, clause 406 was under discussion.

Section agreed to.

Sections 407 to 435 inclusive agreed to.

On section 436—Certificates of convention ships to be produced to customs.

Mr. REID: Are there any load line regulations in connection with ships on home trade voyages?

Mr. DURANLEAU: I think so.

Mr. REID: What clause? I notice these load line regulations pertain to vessels on international voyages.

Mr. DURANLEAU: We will let this clause stand. I think the load line convention concerns voyages outside Canada, but there may be some clause concerning home voyages, and I will give the information to my hon. friend when my assistant deputy minister is here. He is not here yet.

Mr. REID: I hope the minister will find the clause. I have looked for it but I cannot find it. It is important I believe to have load line regulations for home trade voyages.

Mr. DUFF: There is no such thing as load line regulations for home trade voyages.

Mr. DURANLEAU: As to the query of my hon. friend, my information is that when our ships go outside Canada the load line convention regulations apply.

Mr. REID: If a ship leaves Vancouver for San Francisco with lumber, would there be any load line regulations touching that?

Mr. DURANLEAU: The load line convention would apply.

[Mr. Duranleau.]

Mr. HEAPS: Would it apply on the great lakes?

Mr. DURANLEAU: No.

Mr. HEAPS: Why would it not apply on the great lakes?

Mr. DURANLEAU: Because the imperial agreement specifically exempted inland waters.

Mr. HEAPS: As a matter of protection to navigation on the great lakes, would it not be advisable to have the same regulations apply to vessels plying within the confines of the dominion?

Mr. DURANLEAU: The Department of Marine has had this question under consideration for some time but it is waiting for an agreement with the United States because those are international waters.

Section agreed to.

Sections 437 to 441 inclusive agreed to.

On section 442—Loading of timber.

Mr. REID: Does the minister know whether logs are included in the definition of timber here? I asked that previously and he said he thought timber was generally understood.

Mr. DURANLEAU: Logs are included under the word "timber."

Section agreed to.

Sections 443 to 453 inclusive agreed to.

On section 454—Helm orders.

Mr. REID: Is there not some change since last year—the word "starboard"?

Mr. DURANLEAU: There is a small change in the wording of the present section, yes: the words "steering order" have been added.

Section agreed to.

Sections 455 to 465 inclusive agreed to.

On section 466—Inspection of ships' tackle.

Mr. REID: Were those regulations put into effect last year?

Mr. DURANLEAU: No.

Mr. REID: We were told that measure had to go through because you were going to put it into effect. I am particularly interested in this section. I understood last year that it was very important that those provisions should go through, and now we are told that they are not in effect.

Mr. DURANLEAU: My officials have worked on those regulations for over a year. When they were completed about three or four months ago they were distributed to interested parties all over Canada for study. The department have been receiving since answers and suggestions, and I am told they expect to receive two or three more. The moment they are completed they will be approved by order in council and put into effect.

Section agreed to.

Sections 467 to 502 inclusive agreed to.

On section 503—Wreck.

Mr. REID: Can the minister tell the committee why this portion of the act is not made reciprocal? It deals with aircraft found derelict, but an airplane might assist a derelict or disabled ship.

Mr. DUFF: Do you want the airplane to tow the wreck in?

Mr. DURANLEAU: My hon. friend will see on reading the section that it applies to airships when they come within our territory.

Section agreed to.

Sections 504 to 543 inclusive agreed to.

On section 544—Shipping casualties.

Mr. REID: I should like to direct the attention of the minister to the wording of subsection (a):

Whenever any ship is lost, abandoned, stranded or damaged in any of the inland waters of Canada or on or near the coasts of Canada, or on a voyage to or from a port in Canada.

That is a definition of what is termed a shipping casualty. There is no definition covering the rivers; the inland waters and coasts are mentioned. Supposing a casualty occurs in the Fraser river say twenty miles from the sea. Would that be termed a casualty under the act?

Mr. DURANLEAU: My hon. friend will notice that in the definitions his point is covered. I refer him to subsection 41 of section 2:

"Inland waters of Canada" means all the rivers, lakes and other navigable fresh waters within Canada, and includes the river St. Lawrence as far seaward as a line drawn from Father point to point Orient.

Section agreed to.

Sections 545 to 560 inclusive agreed to.

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On section 561—Power of court of investigation.

Mr. REID: I see this section gives the court power to investigate into and cancel the certificates of a master, mate or engineer. Does that apply to a master, mate or engineer on any ship, British or foreign, or just on British ships registered in Canada ?

Mr. DURANLEAU: I think it applies to other ships when they are in Canadian waters.

Mr. REID: Supposing a British ship registered in Canada had an accident and the court of inquiry considered the liability of the master, the mate or the engineer, and their certificate was cancelled. Would that man be allowed to go on another British ship, or on the same one, in Canadian waters?

Mr. DURANLEAU: Our courts have power to suspend or cancel while the holder is in Canada a certificate granted by another dominion.

Mr. REID: But would that have any effect when he reached Great Britain?

Mr. DURANLEAU: I think my hon. friend will see that under the law the certificate is suspended or cancelled and report is made to the proper authorities of the dominion where the ship is registered.

Mr. REID: Then I suppose it would be up to Great Britain to say whether or not they would accept that ruling?

Mr. DURANLEAU: It is for Great Britain to accept it or not, but the holder of the certificate cannot act in our waters if his certificate is suspended.

Section agreed to.

On section 562—Certificates of another part of His Majesty's dominions.

Mr. CANTLEY: How long is this suspension to be for? Is it to be indefinite or for any particular period?

Mr. DURANLEAU: It may be indefinite.

Mr. CANTLEY: That is not satisfactory. Can the man go up again for examination and obtain a new certificate, or is he debarred forever?

Mr. DURANLEAU: Yes, if he applies and qualifies he can get his certificate back.

Mr. CANTLEY: I submit the clause ought to intimate as much.

Section agreed to.

Sections 563 to 567 inclusive agreed to.

On section 568—Certificates cancelled or suspended in other parts of His Majesty's dominions.

Mr. LAPOINTE: Mr. Chairman, does this not seem to be a hardship? It would appear from the section that a Canadian who is a master could have his certificate cancelled or suspended by reason of an investigation in another dominion. A few moments ago the minister, replying to the hon. member for New Westminster, stated that he did not know whether Great Britain would recognize a suspension or cancellation from a court or commission in Canada. By section 568 the minister will adopt a cancellation or suspension which would arise by reason of an investigation in another part of the British commonwealth. In my view that arrangement is hard on Canadians.

Mr. DURANLEAU: The hon. member will notice that the provision is not imperative. The section states that—

The minister may adopt and carry out said cancellation.

That means that if after having examined and studied the record and the judgment rendered by the court outside of Canada the minister is convinced that a proper judgment was rendered, he may maintain the cancellation of the certificate.

Mr. LAPOINTE: But it would still be a court in another country which would suspend or cancel the certificate of a Canadian citizen.

Mr. DURANLEAU: No.

Mr. LAPOINTE: Yes.

Mr. DURANLEAU: No, it means that the final judgment as to the effect of the cancellation in Canada will be rendered by the minister, after having studied the whole proceeding. Surely if he thinks that the proceeding was not fair or the judgment has not dealt fairly with the mariner, the minister would not be bound to maintain the cancellation.

Mr. LAPOINTE: Some ministers do not enjoy the confidence of everybody.

Mr. VENIOT: This is a new section; where did the idea come from?

Mr. DUFF: It is imperialism.

Mr. VENIOT: Where did the request for the new section come from? This clause was never in any of our shipping legislation.

Mr. DURANLEAU: There is no mention in the bill as drafted, but I think it comes under the imperial agreements.

[Mr. Cantley.]

Mr. VENIOT: I thought so. Is there reciprocity?

Mr. DURANLEAU: My hon. friends will find the provision at page 7 of the British Commonwealth Merchant Shipping Agreement.

Mr. VENIOT: Please read it.

Mr. DURANLEAU: It reads:

The court on formal investigation shall be empowered to cancel or suspend a certificate of competency or services granted by the administration of another part of the commonwealth only as to affect its validity within the jurisdiction of the part in which investigation is held, but the administration by which the certificate was granted may adopt such cancellation or suspension.

Mr. VENIOT: It is not the same.

Mr. DURANLEAU: I contend it is absolutely fair.

Mr. LAPOINTE: No, it is not.

Mr. VENIOT: It is not the same, at all.

Mr. DURANLEAU: Upon the return of a Canadian mariner who while abroad was guilty of certain offences meriting cancellation or suspension of his certificate when on a British ship in another part of the commonwealth, the minister will look into the record and conduct a review of what took place abroad. If he finds that the judgment was justified I see no objection to his maintaining the cancellation or suspension.

Mr. VENIOT: I have no objection to that, provided the arrangement is reciprocal, and the same treatment is given in another British country to a Britisher whose certificate has been cancelled here. But the paragraph the minister read from the convention does not agree with the section now under consideration, and there is no reciprocal provision.

Mr. DURANLEAU: If my hon. friend would read the agreement he would find it is reciprocal; it must be.

Mr. LAPOINTE: But the agreement is in force only when legislation is adopted in the various dominions.

Mr. DURANLEAU: Of course.

Mr. LAPOINTE: It is adopted when legislation is accepted to ratify or to give effect to it, and it may be given effect to under certain conditions. In the present instance the only condition is that the minister may or may not suspend or ratify a suspension or cancellation, and I say that very little safeguard is provided.

Mr. DURANLEAU: The imperial agreement is to the effect that every part of the British Empire should adopt the same legislation or legislation along the same lines.

Mr. LAPOINTE: Why not indicate that arrangement in the statute?

Mr. DURANLEAU: That is the agreement. If other parts of the empire do not follow the agreement, surely we will do otherwise; the government would not give effect to the section or would come to the house for a change in our law. At the present time we are taking the lead, being the greater dominion, and are adopting the legislation based on the imperial agreement. We expect that all the other parts of the empire will follow.

Mr. VENIOT: Is there anything in the bill which, for instance, gives power to a Canadian court to cancel for misdemeanour the certificate of a captain coming from England on an English ship? Is there anything giving any court in Canada the power to cancel the certificate of such a man for misdemeanour on the high seas, accident, or for any other reason? I can see nothing. If there is no such provision we have no right to have the section before us in our statutes.

Mr. DURANLEAU: Section 562 covers the point the hon. member has raised. It is as follows:

> Any court holding a formal investigation pursuant to this part of this act may cancel or suspend a certificate of competency or service granted by another part of His Majesty's dominions so far only as concerns its validity within Canada.

Mr. VENIOT: That is it exactly—"within Canada."

Mr. DURANLEAU: Other parts of the empire have no greater power with respect to our mariner's certificate.

Mr. VENIOT: If it is cancelled in England, the validity under this legislation is null and void, even in Canadian waters, until the Canadian minister has made an investigation. The section states that the Canadian minister "may" maintain the cancellation. Therefore if he does not maintain the cancellation it should not take effect. But he has power to maintain or not to maintain the cancellation, as he sees fit, and no such provision exists in the British act.

Mr. DURANLEAU: My hon. friend will readily understand that so long as the minister has not maintained the cancellation abroad, the certificate of the mariner is in force in Canada, and the judgment or finding of the court abroad has no effect in Canada. It is left to the minister to decide whether or not he should maintain the cancellation in Canada, and exactly the same kind of legislation is supposed to be adopted by other parts of the empire.

Mr. VENIOT: If they do not adopt it, will the minister change this section?

Mr. DURANLEAU: In connection with this reciprocal arrangement the same law should be adopted by every part of the empire.

Mr. LAPOINTE: But it would be so easy for the government to insert the words: "provided the certificate has been cancelled or suspended in a part of the British dominions which has adopted a similar provision." That would be very easy to do.

Mr. DURANLEAU: I think there is some protection in the last section of the bill. It is as follows:

> This act shall not come into force until a date to be fixed by proclamation of the governor in council published in the Canada Gazette: Provided that he may, in the same manner and from time to time, bring any portion or portions only of this act into force.

If some parts of this legislation are not enacted in other parts of the empire we may never proclaim them.

Mr. LAPOINTE: There are 719 sections; surely there will not be 719 proclamations.

Mr. REID: Suppose the captain of a British ship operating in Canada came before the court, so long as that vessel was operating in Canadian waters would we have full jurisdiction to cancel the certificates of the captain, mates or engineers?

Mr. DURANLEAU: Yes.

Mr. LAPOINTE: Yes, we have, so far as Canada is concerned.

Section agreed to.

Mr. CANTLEY: I want to revert to section 562. We are rushing through these sections so fast that we are having no opportunity to read them, let alone give them any consideration. In section 562 we are abrogating our rights in regard to our certificates to our own captains and leaving those rights to a court in some point other than the dominion. Then we come to section 568, a new section, and we find there again that the certificates of Canadian captains may be cancelled by a foreign court, and we adopt the section without giving our own captains a hearing. I submit that is not god citizen-

ship or good Canadianism. Then, although we have not yet reached clause 570, may I say that it reads as follows:

The minister shall not order a rehearing in Canada in connection with a shipping casualty in respect of which a formal investigation has been held in another part of His Majesty's dominions.

I say that that section should read absolutely the other way, and should say, "may order" instead of "shall not order."

Mr. LAPOINTE: The hon. member for Pictou is quite right. Under section 569 the minister may order the rehearing of an investigation which has been held in Canada, if there is new evidence, or if for any reason he believes there has been a miscarriage of justice. But when the cancellation or suspension has been the result of an investigation in another country, under section 570 the minister shall not order a rehearing in Canada in connection with a shipping casualty in respect of which a formal investigation has been held in another part of His Majesty's dominions. That is a discrimination not only against Canadians but against Canadian courts and Canadian investigations, and the minister will be powerless when there has been an investigation outside of Canada. When it is a Canadian investigation he has the power of ordering a rehearing. Surely my hon. friend from Pictou is right. These are provisions which seem absolutely uncalled for.

Mr. CANTLEY: I am not content to allow a Nova Scotia captain who has sailed all over the world to be demoted by somebody in Hongkong or Ireland or some other part of the world. The minister should not abrogate his rights in that way.

Mr. DURANLEAU: The minister does not abrogate his rights because there is one thing he can do, and that is to ignore the judgment of an external court.

Mr. CANTLEY: Surely we are masters in our own house.

Mr. DURANLEAU: The minister has only one thing to do, and that is to ignore the judgment and then the certificate is still valid in Canada.

Section 570 to which the ex-Minister of Justice referred is a new section. I understand that it also is a provision in the British commonwealth agreement of 1931, and the reason probably is that when a misdemeanour has been committed outside of Canada it is very difficult to have a rehearing in this country because the witnesses are far away and an inquiry would be very expensive.

[Mr. Cantley.]

Mr. VENIOT: It goes beyond a misdemeanour.

Mr. DURANLEAU: I want to remind my hon. friends that the provision is absolutely reciprocal, being part of an agreement arrived at by all the different parts of the empire.

Mr. LAPOINTE: But it will be reciprocal only when similar legislation is enacted by the other parliaments, and I am doubtful whether Australia, for instance, will enact legislation giving to a court in Canada the right to cancel Australian certificates, because Australia is pretty jealous of her rights.

Mr. DURANLEAU: Australia was represented at that conference.

Mr. LAPOINTE: But the legislation has not gone through the Australian parliament.

Mr. DURANLEAU: It is well understood, and it was so stated when the bill was introduced, that Canada is the first of the dominions to enact the provisions agreed upon in the conventions. The intention of this government is to put in force reciprocal agreements only when the other parts of the empire have adopted similar legislation. If they do not do so we shall see that our law is changed. But in this bill we are setting an example and inducing the other parts of the empire to adopt the same legislation. They have already agreed to do it. The conventions have been duly signed by the representatives of all the dominions.

Mr. LAPOINTE: I know, but parliament is master in each of those countries.

Mr. DURANLEAU: If we do not accept section 568 or section 570 we are setting aside the convention that was accepted by Canada and the other parts of the empire.

Mr. VENIOT: The other parts of the empire have not adopted any of this as yet.

Mr. DURANLEAU: But we have agreed to pass this legislation and the other dominions are waiting for this legislation in order to follow.

Mr. CANTLEY: If the minister agreed to do that he did something he had no right to do. Parliament has the last word as far as we are concerned.

Mr. DURANLEAU: I did not agree myself; the representatives of Canada agreed.

Mr. CANTLEY: Then they agreed to more than they had any right to agree to.

Mr. DURANLEAU: I have no objection to allowing the section to stand.

Section stands.

Section 569 agreed to.

Section 570 stands.

Sections 571 to 594 inclusive agreed to.

On section 595—Appointment of harbour master.

Mr. REID: I think there should be an amendment to subsection 2. It should read, "no licensed pilot or harbour master shall be appointed to act or shall act as harbour master or deputy harbour master of any public harbour, unless he first surrenders his licence." I think this amendment should be made as we now have harbour commissioners who have been appointed harbour masters.

Mr. DURANLEAU: Acting in both capacities?

Mr. REID: Yes.

Mr. DURANLEAU: On the western coast?

Mr. STEVENS: Where?

Mr. REID: New Westminster, I believe.

Mr. STEVENS: I think my hon. friend is mistaken.

Mr. REID: No, I am not. I would not rise if I did not know about this. Because of certain circumstances I would not like to go into the matter at this time but I shall be glad to give the name to the minister.

Mr. STEVENS: I think I know what my hon. friend means. The gentleman is ill.

Mr. REID: For that reason I do not like to bring it up publicly.

Mr. STEVENS: I think my hon. friend is mistaken. The gentleman he refers to is a commissioner but he acts as manager of the harbour on behalf of the commission. He is not a harbour master in the sense of a harbour master appointed under this legislation.

Mr. REID: I think perhaps the minister is correct.

Section agreed to.

Sections 596 to 608 inclusive agreed to.

On section 609—Regulations respecting grain cargoes and deck cargoes.

Mr. REID: Why is it that only grain and deck cargoes are designated?

Mr. DURANLEAU: This section has been taken from the Canada Shipping Act.

Mr. REID: That may be true, but I should like to know why only two types of cargo are referred to. What about a wheat cargo or any other type of cargo? This section does not take care of all cargoes.

Mr. DURANLEAU: I am informed that it is the rule to adopt regulations in connection with these two types of cargo.

Mr. REID: Only?

Mr. DURANLEAU: Yes, because they are particularly dangerous.

Mr. REID: You have the power to make regulations concerning the carrying of dangerous goods. Dangerous goods may be carried below deck just the same as flour, apples, eggs or butter.

Mr. DURANLEAU: Under this bill dangerous goods means those goods which are dangerous in themselves, like explosives, but this type of cargo is not.

Mr. CANTLEY: Referring to subclauses 2 and 3 of clause 609, am I to understand that if a vessel loads a cargo in the St. Lawrence and subsequently calls at Pictou or Sydney for bunker coal, an officer may go aboard and investigate the question of the deck load or the storage of the cargo after the ship has been at sea for four or five days? What is the object in that?

Mr. DURANLEAU: Of course the intention is that this clause should apply to a cargo coming from outside to a port in Canada; it is not intended to apply to a cargo leaving Montreal for Pictou, for instance, because such a cargo is supposed to have been examined in Montreal, in a Canadian port.

Mr. CANTLEY: With all due courtesy I do not think that is the meaning of the clause. If a vessel arrives from overseas safely in a Canadian port, what is the necessity of an officer going aboard to investigate her cargo? I do not think the minister's explanation is the correct one.

Mr. DURANLEAU: It is in the case of damages to a cargo.

Mr. CANTLEY: It may be.

Mr. DURANLEAU: It is to ascertain the condition of the cargo when it arrives in the Canadian port.

Mr. CANTLEY: That is a question for the underwriters.

Section agreed to.

Sections 610 to 627 inclusive agreed to.

On section 628—Annual return of port warden to minister.

Mr. REID: Can the minister explain why it is that the returns made by harbour masters are made at the end of the fiscal year while those of the port warden are made at the end of the calendar year? Why should the date of making returns not be the same?

Mr. DURANLEAU: These are the dates at which reports have always been made in the past. We have only reenacted the Canadian statute.

Section agreed to.

Sections 629 and 630 agreed to.

On section 631—Certificate to be evidence.

Mr. DENIS (Translation): Is it only the number that we are passing or is it the whole section? It seems to me that we are simply passing the number. I think the sections should be read in committee in order that members may, at least, follow them. It is simply childish; we should be more in earnest in considering this bill and should not only adopt the numbers, as we have done this afternoon and evening.

Mr. DURANLEAU (Translation): What is the number of the section?

Mr. DORION (Translation): The same procedure prevails in penitentiaries, everything goes by numbers.

Section agreed to.

Sections 632 to 636 inclusive agreed to.

On section 637—Collisions.

Mr. REID: In subclause 3 does the word "regatta" cover sports and races put on by fairs? The subclause reads:

> The governor in council may make rules or regulations relating to the safety of life or limb on navigable waters during regattas and marine parades.

Mr. DURANLEAU: Yes, it is for the safety of life.

Mr. LAPOINTE: I desire to call the attention of the committee to subclauses 4 and 5. This is government by order in council with a vengeance. Subclause 4 reads:

> The governor in council may by order or regulation provide for the government and regulation of any body of water defined or described therein and may provide for the enforcement of such order or regulation.

That is as general as any language can be; it covers any rule or regulation whatever in connection with any body of water described in the order. Then subclause 5 states:

> Any rule, regulation or order so made may provide for a fine not exceeding five hundred dollars—

And so forth. Surely the minister should give the committee some explanation which would justify us in passing such arbitrary and drastic legislation.

Mr. MACKENZIE (Vancouver): The marketing bill.

Mr. LAPOINTE: It is worse than the marketing bill.

Mr. DURANLEAU: I will ask that these stand.

The CHAIRMAN (Mr. Smith, Cumberland): Subclause 4, 5 and 6 stand. Shall the remainder of the clause carry?

Some hon. MEMBERS: Carried.

Section stands.

Section 638 agreed to.

On section 639—Observance of regulations.

Mr. REID: In connection with this we come back to the old question of the definition of "ship" and "vessel." The clause reads:

> All owners and masters of vessels and rafts.

It will be remembered that in the interpretation clause the words "ship" and "vessel" have different definitions. The word "ship" has a clearer definition than the word "vessel." Here it just designates "vessels and rafts." I wonder if it should not be "ships, vessels and rafts."

Mr. DURANLEAU: I think my hon. friend knows that "ship" is included in the term "vessel."

Mr. REID: I do not believe "raft" is defined. A question may arise regarding rafts.

Mr. DURANLEAU: I do not think it is necessary to define the word "rafts" because everyone knows what it is. It is logs bound together.

Mr. REID: The Davis raft that I was speaking of, used on the Pacific coast, is entirely different from anything in any other part of the world. I do not think the shipping interests of Great Britain have ever seen a Davis raft and they would not have any idea what it is.

Mr. DURANLEAU: Of course we have to give the ordinary meaning to the word "raft." A Davis raft would be included because it is a raft.

Mr. REID: I do not think the present section is wide enough.

Section agreed to.

On section 640—Provisions as to collisions, etc.

Mr. CANTLEY: The clause reads:

(1) Where, by the fault of two or more vessels, damage or loss is caused to one or more of those vessels, to their cargoes or freight, or to any property on board, the liability to make good the damage or loss shall be in proportion to the degree in which each vessel was in fault:

I should think there might be a collision with only one vessel at fault, not necessarily two.

Mr. DURANLEAU: This section apportions the liability when there is fault on both sides.

Section agreed to.

Sections 641 to 644 inclusive agreed to.

On section 645—Notice of loss to be given to the minister.

Sir EUGENE FISET: Would the minister explain who is the ship's husband?

Mr. DURANLEAU: The person who takes charge of the ship as the owner.

Section agreed to.

Sections 646 to 653 inclusive agreed to.

On section 654—Tonnage how calculated.

Mr. REID: Is there a different registry allowed for ships in different parts of the British colonies or dominions? Because I see in subsection 3 (a):

—in the case of a British ship registered elsewhere than in Canada, according to the law of that part of His Majesty's dominions where the ship is registered;

I thought they were all to be the same.

Mr. DURANLEAU: This enactment has been reproduced from chapter 186 of the revised statutes, but according to the imperial agreements the rules must be the same in every dominion.

Section agreed to.

Sections 654 to 662 inclusive agreed to.

On section 663—British ships only may engage in coasting trade.

Mr. BROWN: The proceedings this afternoon and evening have been somewhat monotonous, with only an occasional interruption from the hon. member for New Westminster (Mr. Reid).

Mr. REID: Oh, Mr. Chairman, I rise to a point of order.

Mr. BROWN: I cannot allow this clause to pass without calling attention to it. It deals with coastal shipping and is of special interest to us who live on the prairies because it is intended to affect—

An hon. MEMBER: Prairie schooners.

Mr. BROWN: —shipping on the great lakes. The course of the government in this matter has been rather peculiar. It has been devious; we would really like to know what the government intends to do. Two years ago the government brought in a bill—I think it got as far as first reading and was then withdrawn; at any rate was not proceeded with—the intention of which was to give to Canadian vessels the monopoly of carrying Canadian grain on the great lakes. They probably thought it wise at the time to withdraw that bill, but last year they tried another tack. In the Bill J that was brought in last year they tried to put it across by a few changes in the definitions. The coasting trade of Canada was defined thus:

"Coasting trade of Canada" means the transportation by water or by land and water of goods or passengers from one place in Canada to the same or another place in Canada, whether or not such transportation is direct or via a foreign port outside of Canada and includes any part of such transportation.

The last part of that definition was added in order to take care of the particular situation that the government wanted to bring about. In section 932 of the Canada Shipping Act the coasting trade of Canada was defined as including:

—the carriage by water of goods or passengers from one port or place in Canada to another port or place in Canada.

Attention was drawn to that matter, and then the government decided to bring about the desired end by another method. So a bill was brought in last year restoring the old definition of coasting trade, making the change in what would correspond to section 663 of this act, which says:

No goods shall be transported by water or by land and water, from one place in Canada

to another place in Canada, either directly or by way of foreign port, or for any part of the transportation in any ship other than a British ship.

That bill passed the house in face of opposition from this side, with the support of hon. members from the west representing farming constituencies who managed to convince themselves, or at least who seemed to convince themselves, that there was no danger to the grain interests in this clause. That bill passed the house, but it was not proclaimed by the government, and again we wonder what the real intention of the government is in this matter.

These particular sections form a part of the bill now before us. I do not suppose there is any use in continuing to debate this matter at any length, but I should like to repeat in a general way the objections we from the west take to this clause. Everyone knows that for the last two or three years the price of wheat has been at the lowest point in history, though it is not quite so low as it was a year or two ago. A great deal has been said in the past month or so with regard to relieving the burdens of the farmers. The famous marketing act ostensibly was devised with that purpose in view. It seems to me a much more sensible procedure would have been to consider some of the other difficulties the farmer has to meet. In my judgment it would have been much more sensible to reduce the cost of production, which could be done in a number of ways. It might be done by modifying the high protective measures that have been placed against some of the things used by the farmer, such as the ten per cent duty on barbed wire, the twenty-five per cent duty on cream separators and the twenty-five per cent duty that now applies to practically all lines of farm machinery, whereas previously the duty ranged from six to ten or twelve per cent.

Mr. GUTHRIE: What section is the hon. member discussing?

Mr. BROWN: I am discussing this bill as it affects the farmer, and I am indicating that since it is essential that production costs should be lowered this is one of the ways in which the government might approach the matter. However, I quite understand that hon. members opposite, especially those representing farming districts in the west, do not like to have these things brought to their attention. As we see it this bill is calculated to put the carrying of grain on the great lakes into the hands of a Canadian monopoly. As we see it, it is essential that we should preserve what we have at present, that is, Buffalo as a strategic point at which to have wheat placed, whence it can be carried either via Montreal—and a great deal does go that way—or via New York. It means a great deal to the shipment of wheat to have a choice of routes, and we consider anything that will jeopardize the shipment of grain via that route to be a menace to the well being of the farmers.

It may be very interesting to note that wheat that has gone by that route sometimes has brought a higher price than wheat that has gone via the Canadian route. I took some interest in this matter, and shortly after coming down here at the beginning of this session I wrote the bureau of statistics to find out how much wheat had gone via the United States route and how much had gone via Canadian ports since the Ottawa agreements came into effect. The bureau of statistics gave me more information than I asked for, and here is what I find. The figures are given month by month from November, 1932, to December, 1933, with the price received for the grain in each month. The totals are as follows: Shipped via Canadian sea and river ports, 104,917,854 bushels; via United States ports, 50,883,301 bushels. The amount of money received for the grain shipped via Canadian ports was $62,428,-715, and the amount received for wheat shipped via United States ports was $31,396,-715. I was interested to see just what that would amount to per bushel. To my amazement I found that the wheat shipped via United States ports brought 61·7 cents per bushel, while the wheat shipped via Canadian ports brought only 59·5 cents per bushel. I could not understand those figures, and I wrote the bureau again to find out just at what point the price of wheat was fixed. In reply I had this letter:

> I have your letter of the 12th instant with reference to the memorandum mailed you on the second respecting Canada's exports of wheat to the United Kingdom via Canadian sea and river ports, and via the United States.
>
> As regards the value, I wish to point out that the value of exports of Canadian merchandise is the actual cost or the value at the time of exportation at the points in Canada whence originally shipped.

In my second letter to the bureau I had stated that I was anxious to know if we could possibly arrive at it what effect the six cent preference had on wheat shipped via United States ports. In that regard, in the same letter they said:

> We have no record as to the amount of wheat going via American ports that receive

the benefit of the preference. With reference to the diversion of wheat shipped to the United Kingdom via the United States, I wish to advise that according to United States in transit figures, a very large percentage of Canadian wheat shown in Canadian trade statistics as exported to the United Kingdom via the United States border ports, is diverted while in transit via the United States, to other destinations, chiefly the continent of Europe. The percentage varies from year to year. For the calendar year, 1931, however, of the total amount of Canadian wheat shipped via United States Atlantic ports, about 27 per cent was destined for the United Kingdom, and in 1932, 17 per cent. There are no statistics available as yet for the year 1933. Then, again, it must be remembered that a considerable amount of Canadian wheat exported to overseas countries via the United States is rerouted from United States lake ports for shipment via Canadian ports chiefly the port of Montreal. For the calendar year 1933 the amount of rerouted wheat from United States lake ports for shipment via Canadian ports, amounted to 4,915,433 bushels.

So that while that figure is of a considerable size, the fact remains that the great bulk of the wheat recorded as having been shipped via American ports actually went that way. The point to which I wish to call the attention of hon. members is this: I am not able to explain—and if any hon. member can, I should like him to do so—why it is that the wheat we shipped to the United Kingdom via American ports brought us a higher price than the wheat shipped via Canadian ports. While I cannot explain that, there is one point which does seem perfectly clear, and that is that the six cent preference we were supposed to get on our wheat is not worth the snap of a finger.

Mr. MOTHERWELL: And never was.

Mr. BAKER: Would we be better off without the preference?

Mr. BROWN: If anyone can give any other explanation for it I will give him the opportunity to do so.

Mr. BAKER: Would we be better off without the preference?

Mr. MOTHERWELL: Just another piece of humbug.

Mr. BROWN: I do not say we would be better off without it, but we are certainly no better off with it. That is the situation, despite the fact that we heard a lot of talk about a sheltered market for a large proportion of our wheat.

Mr. BAKER: Would you vote against a preference?

Mr. BROWN: I think the hon. member had better discuss subjects he knows something about.

Mr. BAKER: I do know something about it.

Mr. BROWN: I wish to protest against this section of the shipping bill, although I have not the slightest expectation that my protests will in any measure be effective. I am speaking for the farmers of the prairie provinces to whom the cheapest possible rates for the shipment of their wheat are absolutely essential. Even half a cent per bushel may mean a great deal to them, and on their behalf I wish to protest, as I did last year, against the enactment of this section. I therefore move:

That subsection 1 of section 663 be amended by striking therefrom the words, "either directly or by way of a foreign port, or for any part of the transportation."

Mr. STEVENS: Mr. Chairman, the hon. member (Mr. Brown) has quoted from a communication he received from the bureau of statistics in which, if I caught his reading of it correctly, he indicated that for the 50,000,000 bushels of wheat exported from Canada via American ports the return indicated 61 cents a bushel, while for the 104,000,000 bushels exported from Canada via Canadian ports the return indicated 59 cents a bushel. That I think was in round figures his observation, and he deduced from that the conclusion that it is in the interest of the western wheat grower to export his wheat from Canada via American ports. He has asked, and I think quite properly, if there is any explanation for the difference in those figures. I think I can indicate to him, and to anyone who will give the matter careful and impartial thought, certain factors that enter into the situation. It is I think not difficult to explain.

In the first place, it will be noted that the point of shipment there recorded is in all probability Port Arthur or Fort William. I have similar figures in the report of the board of grain commissioners but covering a different period of time, so they do not synchronize exactly with the figures quoted. The point of departure, however, is Port Arthur or Fort William. Apparently we have no record in the figures given of what the grade of wheat was. It is obvious that grade No. 1, for instance, would bring a much higher price than grades 2, 3 or 4. I think perhaps the major portion of the wheat so exported would be grade No. 2. The first factor is the grade of the wheat, and there is no record of the precise quantity of the various grades that

were included in those two different parcels.

The second point I would indicate is this, that not only is there a difference in grade, but the shipments cover the whole period of the year. The wheat exported from United States ports, for instance, might have been shipped largely during a certain period and not so much during another period, or the period and quantity may have varied; and as the price of wheat varies from day to day and week to week—we had some very sharp fluctuations last year, particularly last summer, in the middle of the calendar year—here again you have not a constant factor but a varying factor.

The third point I would suggest to my hon. friend, and this is perhaps the main cause of it, is that Europe, due to the very high protection it has had against incoming wheat from any part of the world and the stimulation given to the production of soft wheat in its own territory, is buying very largely No. 1 grade in order to get the strongest wheat for mixing purposes with their flour. Therefore it is reasonable to assume that the largest portion of the export of No. 1 wheat went to European ports and not to British ports. I think with these three factors in mind it is not hard to understand the variation in the price of wheat as coming from those two different sources. But in any case one could not possibly base a definite argument or conclusion upon the result obtained merely by dividing the quantity of wheat into the total amount received therefor.

Mr. HOWDEN: If I may interrupt for a moment, is it reasonable to suppose that all the better grades of grain would be shipped through American ports?

Mr. STEVENS: There is no doubt that a very substantial portion of No. 1 will go on a route that will carry it chiefly to the continent. I do not think that can be questioned, because I have had occasion very frequently in the last year or two to examine into that feature. Furthermore, the diversion of the wheat exported from American ports is undoubtedly to the continent more than it used to be. Because of the six cents preference there is a tendency that the largest portion of the wheat going to the British Isles will go through Canadian ports, but other wheat might be exported through American channels.

Turning to the hon. gentleman's argument and to his amendment, I do not share his view as to the damage that this may do to the exporter of wheat. I am quite certain that it will not result in anything of the kind, and I think I can give some very reasonable answers to that apprehension on his part.

So far as this clause is concerned it is simply putting into effect in Canada precisely what is the law in the United States. No Canadian vessel can go to Duluth and carry grain to Buffalo, nor can a Canadian vessel go to Duluth and carry grain to Port Colborne in Canada, and then from Port Colborne back to Oswego or some other American port. All we are doing by this clause is simply saying that when wheat is carried from Port Arthur to Port Colborne or Montreal or some other Canadian port it shall be carried in a Canadian vessel, or if it is carried to an American port and then transshipped back to a Canadian port it shall be carried in Canadian vessels. That is exactly the law of the United States, and it is not in any sense doing violence, shall I say, to competition on the great lakes.

The next point is this. Any wheat that is carried from Port Arthur to Buffalo can be carried by a United States or Canadian vessel as in the past. There is nothing in the world to hinder American vessels from entering into that trade. They can do so just as freely as they wish.

Further I would point out this to the committee, and this is without a doubt a very serious matter to Canada, that during a number of years prior to 1930 a tremendous stimulus was given to the construction of vessels and their introduction on the great lakes both on the part of the United States and on the part of Canada with the result that to-day we have on the great lakes tonnage—my hon. friend the Minister of Marine perhaps has more accurate information—that I believe is double what is required for the service. That is a lamentable condition. So there is no difficulty about competition on the great lakes so far as shipping is concerned. There is an overplus of shipping on the great lakes for our requirements.

In the next place during all the years down to say 1930—I am speaking without the figures under my hand, because I did not know this was coming up, otherwise I would have had them here; but I think my memory is correct—the general run of the rates on grain from the head of the lakes to Montreal, ranged from eight to eleven cents. Since that time the rate on grain has gone down until at one time last year it was $2\frac{3}{4}$ cents, which is away below the actual cost of carrying it, but say the rate was from $4\frac{1}{2}$ to $6\frac{1}{2}$, or $7\frac{1}{2}$ cents, as it was for a very short time. It is now being carried at a rate of about six cents. Now six cents is a very fair and

equitable rate; indeed in the light of the rates of a great many years it is a low rate.

Someone has kindly handed to me a statement which I put on Hansard a year or two ago giving the rates from Fort William to Montreal since 1923. This is the average rate by years:

Year:	Average rate cents
1923	10·45
1924	8·40
1925	8·30
1926	8·94
1927	7·80
1928	8·40
1929	8·35
1930	8·05
1931	5·90
1932	5·75

I think we can say that in 1933 the rate would probably average around 5 or 5½ cents. In the years prior to 1930 which I have mentioned the rate ran from about 7·80, or almost eight cents, to 10·45, or 10½ cents. That was the average from year to year prior to 1930.

Mr. HOWDEN: I had a recollection that after our first legislation was enacted the rates were increased on the lakes.

Mr. STEVENS: Which legislation?

Mr. HOWDEN: The legislation giving Canadian vessels practically a monopoly between Canadian ports.

Mr. STEVENS: I am sorry my hon. friend is in error there because that legislation never went into effect. As a matter of fact, the rates were never lower than last year. They were lamentably, recklessly—shall I say—low. But a fair rate, as hon. gentlemen will see, would be a six cent rate. I think possibly you may have lower rates than that at times. The point I am making is that there is an abundance of shipping on the great lakes.

As far as our American neighbours are concerned, Canadian vessels cannot go over there and carry grain or other cargoes in the same way that American vessels have been permitted in part to do on this side, and all that this legislation is doing is to synchronize our legislation with that of the United States, and giving to the Canadian carrier the opportunity of carrying the goods for Canadian ports, while still preserving to the exporter of the west the right to ship his grain to Buffalo or any other American port he wishes by American bottoms or Canadian bottoms. So I think there is no danger to the exporter of a lack of competition or of any penalizing of the farmer by way of an increased rate. The minister in charge of the bill will speak for himself and for the government, but while I am on my feet I may say that personally I could not find myself justified, in the light of the knowledge I have, in supporting the amendment.

Mr. MOTHERWELL: Will the minister tell the committee why the government did not put into force the act that was passed last year?

Mr. STEVENS: I think I can answer my hon. friend. This shipping act was then in the process of revision. It was, as my hon. friend knows, revised last year to a substantial degree, but it was not brought into this house. During the year, however, very definite progress was made in its revision, and it was therefore thought inadvisable to proclaim the old act. There was a provision in the act of last year making it subject to proclamation, and it was thought inadvisable to proclaim that act until we had fully revised this shipping act.

Mr. MOTHERWELL: Is it likely that the government will exempt this section by proclamation when the rest of the act is brought into force?

Mr. STEVENS: The Minister of Justice could answer that question. I presume he will correct me if I am wrong, but I should say that when this bill passes it will take the place of the amending act of last year.

Mr. MOTHERWELL: Any section can be exempted by proclamation if the government sees fit.

Mr. BOWMAN: In answer to the question whether those sections will come into force when this shipping act is proclaimed, might I refer to section 665, which provides as follows:

> The governor in council may, from time to time, by order in council declare that the foregoing provisions of this part of this act shall not, for the period specified in such order in council, apply, either throughout Canada or in any specified waters of Canada, to the ships or vessels, or to any specified, ascertained or ascertainable class or number of the ships or vessels, of any foreign country.

There is a special provision covering sections 661 to 664 inclusive.

Mr. STEVENS: Section 665 is a permissive clause.

Mr. BOWMAN: Quite so. While I am on my feet I should like to refer to sections 4 and 5 of the Inland Water Freight Rates Act. This act contains special provisions with

regard to the rates which may be chargeable. Section 4 contains provisions for the receiving and tabulating of charges, and states in part:

It shall be the duty of the board to receive and tabulate all such tariffs and rates as may be filed with the board—

And further on:

—and to consider and report to the minister from time to time any facts which may come to the knowledge of the board and which tend to show that there is a deficiency of cargo space,—

On the event of a deficiency section 665 might be invoked and foreign vessels allowed to participate in the trade. I should like to refer to the next section of the Inland Water Freight Rates Act, which states:

When in the opinion of the board the toll, charge or rate which any company, owner or person charges or intends or proposes to charge for the carriage of grain as aforesaid is unreasonable or excessive, or amounts to an unjust discrimination against any person, company or class of persons as compared with the tolls or rates for similar traffic between Canadian and United States ports, or between one port and another in either of said countries, the board may prescribe such maximum rates as it may consider reasonable.

The board referred to there is the board of grain commissioners. The section continues:

The maximum rates so prescribed may vary or be limited in their application according to the time or season of shipping, and the board shall indicate in its order fixing such maximum rates whether the same are to prevail until further order or the period or periods during which they are respectively to prevail.

If the rates charged for grain on the lakes are excessive, under the provisions of the Inland Water Freight Rates Act just quoted, the board of grain commissioners may step in and fix what they consider to be reasonable rates. There is also a further provision in the Customs Act which may be invoked in the event of the rates being too high. Without taking the time to read all of section 298, I may say that it provides for the regulation of the coasting trade by the governor in council under such circumstances as to it may seem advisable and proper. It seems to me that there are sufficient safeguards in the Customs Act, in the Inland Water Freight Rates Act and in section 665 of the Shipping Act to prevent vessels carrying grain on the lakes from making excessive charges. When they do that a maximum rate may be fixed by the board of grain commissioners. In my opinion there is ample control and sufficient protection given to shippers by the sections to which I have just referred.

[Mr. Bowman.]

Mr. VALLANCE: The Minister of Trade and Commerce (Mr. Stevens) has just stated that the rates this year were probably the lowest we have had for many years. Would those low rates not be largely due to the short crop in the west this year? If we get back to normal times and grow a normal crop have we any assurance that after this bill is put into operation and the competition on the three way route is eliminated, we will not have a combination of Canadian shipping which will have the shippers of western Canada at their mercy?

Mr. STEVENS: I am glad my hon. friend has asked that question. I do not think there is any danger of that happening. One reason is that which I have indicated already, the surplus of shipping. This is an enormous surplus and far beyond anything that was warranted. There was a regular plethora of lake shipping construction in the years just prior to 1930. In addition, there are those sections of the act to which my hon. friend referred and which were not at the moment in my mind. The administration of the Inland Water Freight Rates Act is under the board of grain commissioners and, of course, myself as minister. That act gives a very definite control. This control was exercised over two years ago when the Canadian and American shipping raised the rate for a short time to seven and a half cents. We stepped in and immediately fixed a maximum rate of six and a half cents, if I remember rightly, which was later reduced to six cents to Montreal. The board of grain commissioners keep a constant watch on the situation, and should any occasion arise, that control can be exercised. In the present bill there is a clause whereby the governor in council may step in and suspend that particular part, or the same thing may be done under the Customs Act. This matter does not pass out of the control of the government, even when parliament is not sitting. When parliament is sitting, of course we can deal with it in parliament if it is so desired. First, there is the economic protection because of the large quantity of shipping, and then there is the protection afforded by the Inland Water Freight Rates Act and the Customs Act.

Mr. VALLANCE: This particular section is for the protection of Canadian operators of lake shipping?

Mr. STEVENS: I would not like to agree with that interpretation. I would say that it is to put Canadian shipping on a fairly equitable basis with its competitors on the great lakes, namely, American shipping, without doing any harm to Canadian interests.

Mr. MOTHERWELL: Is that not the reason advanced by every country in the world when it puts restrictions on business and trade—"you do so and so and I will follow suit. You put on a quota and I will put on a quota. You put on an embargo and I will put on an embargo." Is that not what is raising the devil with the whole world's trade?

Mr. STEVENS: That is not quite right.

Mr. MOTHERWELL: It certainly is. Has my hon. friend heard that old nursery rhyme? It goes like this:

Tit for tat,
Butter for fat,
If you kill my dog
I'll kill your cat.

That heathen sentiment is what has got the whole world by the ears. I thought my hon. friends opposite were cured of this delusion but they are like the porcine that was washed, and still went back to her wallowing in protection. It is true that those safeguards mentioned by the hon. member are there, and they were put there, by the way, by a Liberal government, who at the time were jeered at for their pains. Nevertheless on general principles I am astonished to hear the hon. member, who is supposed to be a little more broad-minded on this matter than the average of his colleagues, enunciating such a policy, not in broad daylight but in lamplight or electric light or whatever you like to call it, without a blush on his face.

Mr. STEVENS: I am very proud of it.

Mr. MOTHERWELL: Anyway, on general principles I shall vote for the amendment of the hon. member for Lisgar.

Mr. BROWN: The Minister of Trade and Commerce has stated that this is only putting Canadian ships on the same plane as United States ones in relation to coastal trade. He pointed out that Canadian ships could not go to Duluth to carry grain to Port Colborne and then carry that grain back to Oswego. I suppose that is a fact, but I venture the assertion that there is not very much grain going from Duluth to Port Colborne and then to Oswego.

Mr. STEVENS: May I interrupt my hon. friend? Certainly I am not suggesting that that was an equitable comparison; I mentioned it merely at random as an indication of the application of the principle.

Mr. BROWN: I understand that quite well, but it is a case where one can assert a principle that has really no practical application. The fact of the matter is that the trade in Canadian wheat from the great lake ports to Buffalo, thence via New York in some cases and via Montreal in others, is tremendous. It is a unique situation for which, I imagine, it would be very hard to find a parallel case elsewhere in the world. Because of that we wish to preserve the situation as it is. I do not, however, propose to carry on the argument any further; I know the intention of the government but I would point out of course that the Minister of Trade and Commerce did not undertake to answer what I said in relation to the six cent preference. Some hon. members opposite have had a beautiful vision of a ship loading wheat at Port Arthur for Britain and then of a ship loading wheat in Russia having to pay six cents a bushel duty to get into Great Britain. That is a beautiful picture but the idea simply does not work. The Prime Minister admitted that we would never get a higher price because of the six-cent preference. He spoke simply of a sheltered market and under the quota the sheltered market has all gone.

Mr. SPEAKMAN: It will be remembered by the committee—and this has already been stated by the hon. member for Lisgar (Mr. Brown)—that this question was discussed at some length last year when this provision and some others were brought in by way of special legislation which, however, has never become law owing to the fact that it has not been proclaimed. Now we are again confronted with exactly the same situation.

I may as well say quite frankly that so far as this legislation affects directly the people of my part of the country, this is the only part of the bill in which we are primarily interested, although of course as members of parliament we are interested in all phases of the bill which will affect any part of Canada. But this in particular affects our own people and those whom we represent. No one perhaps knows better than does the Minister of Trade and Commerce (Mr. Stevens) the customs and practices under which wheat shipments are carried on; as a matter of fact he knows this so much better than I do that I would hesitate to express an opinion, but it is fairly well known that, as has been stated by the hon. member for Lisgar, a unique situation obtains in respect of our wheat shipments and in regard to the port of Buffalo. That city is used as a storage and distribution point.

Mr. HANSON (York-Sunbury): The hon. member desires to maintain that position.

Mr. SPEAKMAN: Yes.

Mr. HANSON (York-Sunbury): We understand it.

Mr. SPEAKMAN: Buffalo is used as a storage and distribution point from which wheat may be shipped through any port of Canada or the United States. As I understand this part of the bill, it will be of dual effect. It will at once limit the amount of competition on the great lakes so far as our freight rates on wheat are concerned. It will eliminate not wholly but partly United States competition in shipping on the great lakes. It will do something else; it will militate against Canadian ports which lie below Buffalo because under this part of the bill, if we assume that Canadian wheat has been shipped in a United States bottom from Canadian ports to Buffalo for transfer and reshipment, it will then be impossible, no matter under what conditions of marketing or shipping and no matter what the desire of the shipper may be, for that wheat to return to a Canadian port for final shipment.

Mr. HANSON (York-Sunbury): It can, in a Canadian bottom.

Mr. SPEAKMAN: I said: If it had been shipped in a United States bottom from, say Fort William to Buffalo, it would be impossible for it to be shipped from there to a Canadian port for final shipment.

Mr. HANSON (York-Sunbury): In a United States bottom, but not in a Canadian bottom.

Mr. SPEAKMAN: But this clause states that goods cannot be carried either directly or indirectly in other than a British vessel, which means a Canadian or British vessel.

Mr. BOWMAN: They can go from Buffalo to Montreal in a Canadian boat.

Mr. SPEAKMAN: I was merely calling the attention of the committee to this: if it is assumed that the first leg of the trip has been made in a United States bottom and has been broken at Buffalo, it will be impossible in a British or United States boat to carry the wheat to some other Canadian port as part of that trip.

Mr. STEVENS: My hon. friend is in error. The same grain can be handled the balance of the trip in a Canadian bottom.

Mr. SPEAKMAN: It will be considered as part of the original trip?

Mr. STEVENS: Yes, and that will not do violence to this provision at all. The grain could not be carried from Fort William to Buffalo in a United States vessel and then from Buffalo to Montreal in a United States vessel, but it could be carried from Fort William to Buffalo in a United States vessel and then from Buffalo to Montreal in a Canadian vessel.

Mr. SPEAKMAN: That phase of the matter was not made at all clear last year; the impression was left that once grain had been shipped to Buffalo in a United States vessel it would be impossible for it to be shipped in any vessel back to a Canadian port. To my mind there is no value in any further discussion of this matter, to consider freight rates of past years because it must be pointed out that during all these years and up to the present United States competition has been in force and such freight rates are no criterion as to possible rates where competition is eliminated as this legislation has not so far been put into force.

Mr. VALLANCE: It will be the maximum.

Mr. SPEAKMAN: Freight rates on the great lakes have also been a determining factor so far as rates from Vancouver and other points are concerned, because it has always been pointed out that wheat at least, being a commodity international in its character and where every fraction of a cent of additional cost must be paid by the producer who ships the grain, will naturally follow the cheapest route, whether western or eastern, whether to Buffalo, Port Colborne, Montreal or any other port; and the cheapest route will set the price very largely for all the other routes by which grain is shipped. Wheat is also in a singular position in this respect, perhaps beyond all other commodities, that every fraction of a cent of additional cost in the handling and shipment is reflected at once in a reduction in price to the producer. The price is set in Liverpool or the markets of the world. Every fraction of a cent which it costs to carry it to that market is taken from the amount which the producer receives. So the route by which and the conditions under which his grain is shipped are of direct and vital interest to the producer of wheat. Frankly, may I say, we look with some trepidation upon any action or act which removes any competitive factor in the transportation of our wheat. We are not inclined to trust too much to statutory protection, to the powers of the grain commission to regulate, or any other form of control, because however effective that control may be, we know that one of the most effective forms of control, and one which under this act will be

removed in some degree at least, is that which comes into operation through competition of other means of transportation. The slightest restriction or limitation of that competition may be—I do not say necessarily will be—may be reflected in the price that the farmer receives. And may I say that under present conditions, or under any conditions, the manifest duty of those whose interest—for this we have sometimes been accused, and we accept the accusation—whose interest is primarily although not solely that of the farmer producer, is to make certain to the best of their ability that no additional costs are placed on the transport of that commodity, and that no controlling factor is removed and no injustice done. It is not that the western farmer would not prefer, the cost and other things being equal, to have his grain carried in Canadian bottoms. He would. But he cannot afford to pay for that sentiment, and he cannot afford to take the chance of an increase in cost through the removal of that controlling factor. We know quite well that owing to the composition of the house and for other reasons our protest can be only a protest, but we make it in the hope that being seized of the situation, and in view of the forebodings with which the farmer views this bill, the government will see to it that by every statutory power at their disposal, under section 165 and other sections, under the Inland Water Freight Rates Act and other acts, every means will be taken when this competitive protection is removed to see that the farmer and producer does not suffer.

I shall not waste the time of the committee in dealing further with this matter, but I desire to associate myself with those to my right who have already given voice to the views of the western farmers in stating our doubt, our trepidation with regard to this part of the bill, which, no matter what may be said, no matter what other regulations may be in force, no matter what other powers of control may be at hand, does remove one of the most effective factors in the control of the transportation cost of wheat and therefore of the price which we may receive.

Mr. MICHAUD: The question raised by the hon. member for Lisgar (Mr. Brown) in submitting an amendment to this clause has been emphasized by the hon. member who has just resumed his seat (Mr. Speakman). The broad question which has been indirectly raised is that of the routing and transportation of western grain. These hon. gentlemen claim that they cannot afford to pay for sentiment. I submit that there is a part of this country and a class of people in this country who have been paying for sentiment for a long time, and have not yet complained. This amendment raises the question of the routing and transportation of grain and indirectly the question of trans-Canada transportation, and the use of Canadian ports either on the Atlantic or on the Pacific. I submit that the people of the west should now begin to think of paying a little for sentiment in this country. We in the maritimes are paying for sentiment. We have been supporting the west; the millions of dollars which have been furnished to the west in the last three or four years—

Some hon. MEMBERS: Order.

Mr. MICHAUD:—that have been guaranteed are contributed to by the east for sentiment. If these western farmers and wheat growers would think for a moment of what the people of the east have to pay to maintain the transportation systems, both rail and water, they would I believe be satisfied to pay at least half a cent or a cent a bushel more for transporting their wheat by an all-Canadian route, either by water or by rail. I cannot subscribe to this amendment, Mr. Chairman, and if it were possible to make the section a little stronger, to make it an absolute prohibition so that western people could not ship grain by any other than Canadian ports and Canadian railways or ships, I think we would serve the country well.

Mr. HANSON (York-Sunbury): There is a Canada first policy.

Mr. VALLANCE: A few evenings ago I heard the Prime Minister (Mr. Bennett) make some such statement as that of the hon. member who has just taken his seat (Mr. Michaud), and I took it upon myself that night to tell the Prime Minister—and he did not need telling—just what contribution the west has made to eastern Canada. If hon. members are going to talk now of our paying for sentiment, let me say that we have done nothing else ever since we have been in the west. Take the tariff, for instance; on everything we have to buy it is tariff, tariff, tariff. My hon. friend talks about paying for sentiment. I object, Mr. Chairman; I do not care who says it, whether it comes from this side of the house or the other or any corner of the house, as long as I am able to stand on my feet I propose to say that that is not true, and that the west is not prepared to pay any more for sentiment than we have

already paid. There is no sentiment in this. My hon. friend asks: Why don't you compel all Canadian wheat to go through Canadian ports?

Mr. MacMILLAN (Saskatoon): The best way.

Mr. VALLANCE: Yes, but suppose the United States government said that any wheat going into Buffalo could not be carried out of Buffalo in a Canadian bottom, what action could the government take?

Mr. MacMILLAN (Saskatoon): Wait and see.

Mr. VALLANCE: Would you take the action that is now suggested? Do you see what you are starting?

Mr. MacMILLAN (Saskatoon): Address the Chair.

Mr. VALLANCE: The Chair would not reply, I am addressing the minister through the chair, as I would like to have a reply. We are now taking a stand to prevent American bottoms from taking wheat from Buffalo to the port of Montreal or any other Canadian port. Suppose the United States should say to us: You shall not take any wheat, either American or Canadian, from the port of Buffalo to anywhere. What action would you take?

Mr. STEVENS: The suggestion my hon. friend makes is of course a complete violation of all known international shipping practice. It is recognized that coastwise trade is the business of a country, but it is also recognized that the movement of goods out of one country's port to another country's port is open shipping. Of course any country could take the stand that no shipping from another country should enter its ports, but that would be a complete violation of international amity in regard to transportation.

Mr. VALLANCE: Let me ask one question. Is wheat the only commodity that is shipped to United States ports that cannot be shipped back to Canada in United States bottoms?

Mr. STEVENS: Certainly not. The only reason wheat comes into the question is because wheat happens to be the major cargo in this case. That applies to anything you like to mention, oats, barley or anything else. There is no coal moving and I suppose there are not many other cargoes, but if there were it would apply to them as well.

[Mr. Vallance.]

Mr. VALLANCE: So that when we come down to it the western grain grower is the one who has to pay through the nose in the application of this act.

Mr. STEVENS: Not at all.

Mr. CANTLEY: Mr. Chairman, the hon. gentleman opposite who spoke last said there was no sentiment in this matter. There is no doubt of that so far as he is concerned, but if you want to see an exhibition of pure selfishness I commend you to the speech of the reverend gentleman from Lisgar (Mr. Brown). For ten years I listened to hon. gentlemen opposite, when they were in power, bellyaching about the Hudson bay railway, and finally we spent $60,000,000 to build that railway and grain storage elevators there. Why don't they use them? Why are they coming here to-day wanting to send grain through United States ports? Have our ship owners on the great lakes no rights? Are they not Canadians and entitled to some consideration? Then hon. gentlemen opposite spoke of what we have done for the west, as though we had no right to mention it at all. Why, we have given the west $30,000,000, $40,000,000 or $50,000,000 in the last two or three years to relieve the situation there. Apparently that counts for nothing at all. Now the hon. member for Lisgar comes along; he will not employ a Canadian vessel at all. We must send all our grain through United States ports, and he deludes himself with the idea that he gets a better price by sending it that way than by sending it through Canadian ports. He cannot prove it; indeed there is no foundation whatever for that suggestion. If the hon. gentleman had his way all the ships that have been built on the great lakes, largely to relieve the situation of which he complains, ships which are now lying idle in the St. Lawrence river by the score, would be wiped out. Then he would find, before he was very much older, that when the Americans had complete control they would make him pay through the nose for every bushel of wheat they carried for him and his western friends, and possibly they would ultimately force the bulk of it to be sent through that more or less impossible channel that cost $60,000,000 to construct.

Mr. BROWN: I am sorry this question has been raised as between east and west.

Mr. CANTLEY: Perhaps you are, but you raised it.

Mr. BROWN: I am sorry my hon. friend who is a new member of the house has discussed the question which has been threshed

out here again and again; evidently as yet he has only the maritime point of view. In general terms I should like to say that whatever the east has done for the west has been repaid over and over and over again.

Mr. BAKER: How?

Mr. BROWN: It has been repaid over and over again.

Mr. CANTLEY: We have only your unsupported testimony on that point.

Mr. BROWN: The billions of bushels of grain that have been raised in the west during the last thirty years have kept alive the industries of eastern Canada. But for that there would have been no industries in eastern Canada. I do not want to discuss this matter further; I am sorry that it has been introduced. There was no occasion for it.

Mr. CANTLEY: It was you who introduced it.

Mr. BROWN: No; all I asked was that the routes we already have should be maintained, because the western farmer is not in a position to even run the risk of having to pay higher freight rates than he is paying at the present time. That is all we are asking in this amendment.

Mr. MacMILLAN (Saskatoon): This is purely a political speech of the hon. member.

Mr. BROWN: It is nothing of the kind.

Mr. MacMILLAN (Saskatoon): There is not one word in this act that will make the western farmers pay one cent more for freight on their grain. You are just saying this sort of thing for the benefit of the Liberal press in western Canada.

Mr. VALLANCE: I object to the statement made by the hon. member for Saskatoon. We have threshed this thing out on the floor of this house year after year ever since it was first suggested, not only when there was an election in the province of Saskatchewan. I should like to ask hon. members from that province and from all the western provinces who are sitting behind the government whether they are in agreement with regard to this clause. If this thing goes through and is put into operation you will have the maximum freight rate on the great lakes at all times, and you will eliminate one-third of the competition there to-day.

Some hon. MEMBERS: Oh, no.

Mr. VALLANCE: Yes, you will. You are not going to prevent an American bottom from going to the head of the lakes and returning to Buffalo, but you are going to prevent it from going from Buffalo back to any Canadian port. In many years fifty per cent of the Canadian wheat goes through Buffalo.

An hon. MEMBER: Too much.

Mr. VALLANCE: Probably it is. It goes that way not because of sentiment but because of economics.

Mr. MacMILLAN (Saskatoon): Fifty per cent went via New York in the years you are talking about.

Mr. VALLANCE: No, it did not. There is no place on the American continent where Canadian wheat can be assembled so readily as it can be done at Buffalo. All that is necessary to prove that statement is to look at the great expenditures that Canadians have made at Buffalo in order to take advantage of the routes out of that port.

Mr. HANSON (York-Sunbury): Who made the expenditure? The grain growers themselves did.

Mr. VALLANCE: We did; there is not a dollar of government money invested in Buffalo to-day. It is the money of the Canadian growers, paid through the nose to the grain trade.

Mr. MacMILLAN (Saskatoon): The wheat pool.

Mr. VALLANCE: Yes, and the grain growers' company and many of the other interests in Winnipeg. The minister said the lowest rate we ever had was the rate of two and three-quarters cents per bushel this year. If you eliminate this competition we are going to be subjected to the maximum rate.

Mr. COWAN (Long Lake): As one coming from the province of Saskatchewan I want to dissent from what has been said. In the view of some hon. gentlemen Buffalo may be the cheapest and best place to assemble wheat from western Canada, but I would remind hon. members that hundreds of millions of bushels of Canadian wheat are passing to the British market through the ports of Vancouver and Churchill. This is an entirely new situation which has come into existence in the last two years. Evidently my hon. friend does not know what is happening in Canada. He just sees the country from the point of view of his own constituency, nothing more. When my hon. friend from Red Deer (Mr. Speakman) was speaking he said all the west was subject to these rates from Fort

William. I venture to say that half the grain from his own district goes to the market through Vancouver, and it will continue to go in that way. Then so long as we have that competition between two of our own ports, which we have paid for and which are supported by us, what on earth is the good of talking about raising rates somewhere else? Last summer they lowered rates in order to kill Churchill, and they succeeded. Let them raise the rates, if they dare, and they will build up Churchill. Go to it. It will prevent Churchill from being destroyed, and will save for the western farmer the best port in Canada. If the eastern Canadians do not like to meet our competition, they will have to take the consequences, that is all. I am not afraid of eastern Canadian competition, or competition on the great lakes. We will build up our own trade in our own way, as we have been doing it in the last two years. If the hon. member for South Battleford wishes to laugh about it, he may do so, but we are going to build up trade in that way. I have every sympathy with eastern Canada, because, thank God, I was born in the east. But I live in the west; we have to meet western conditions, and they may as well make up their minds to do so because we are not going to be defeated in our efforts to build up the trade of that country.

Mr. BROWN: The last speaker indicated it would be a good thing by law to force all Canadian grain through Canadian ports. Suppose the Americans did that, what would become of Canadian grain going through the port of Montreal?

Mr. SPEAKMAN: The last speaker from the province of Saskatchewan has reminded me that the grain from my constituency and that of the greater part of Alberta goes through the port of Vancouver, and not across the great lakes. I am aware of that fact. But I am aware of this fact, too, that the rates on any one of these routes is a factor in setting the rates for any one of the others, and that the rates through Vancouver are at least partially set by the competition supplied by the great lakes, by Churchill, by rail to Montreal, and every other route. It is a matter of balance and competition between one point and another, and no one point can hold itself independent of the conditions at the other point. The rates are set in that way.

Mr. COWAN (Long Lake): Precisely.

Mr. SPEAKMAN: May I suggest to the hon. member for Saskatoon (Mr. MacMillan) for whom I have great personal regard, that this is not a political question, nor, so far as I am concerned, is it raised as a matter of political policy or political advantage for the Liberal press. If my hon. friend would listen to my friends sitting to my right I think he would readily appreciate at least this fact, that I am not persona grata with the Liberal party or supporting Liberal members at the present time, just as I was certainly not persona grata with the Conservative party when the Liberal party was in power. At that time I was accused of being a Liberal, because I cooperated with the only party in parliament competent to do anything. Now I am accused of being a Conservative, because I cooperate, again, with the only party in parliament competent to do anything. I will cooperate with any government prepared to do anything in Canada's interests, so that no one can accuse me of being for the Liberal party. I am, however, speaking from the point of view which is not only my own but that of the majority of the people whom I represent and who, as has been suggested, ship via the port of Vancouver but are vitally affected by everything which takes place, and by every competitive or non-competitive factor. We are dependent upon and subject to the influence of what takes place at every other point, and I do suggest that one of the most potent factors in regulating the cost of transporting our Canadian wheat has been the competition by American bottoms on the great lakes. I deplore that fact. I deplore the fact that at times during the past years Canadian bottoms have not seen fit to give greater competition. May I point out also that I fully appreciate and understand the policy of the government, namely that within the confines of Canada, and to the degree to which the government of Canada is competent to effect that end, the different ports of Canada shall each be given an advantage within Canada. And as each is given an advantage it is the desire of the government that all will be on a parity, and on a higher parity than would otherwise exist. I understand that. But I understand this also, that perhaps beyond any other commodity in Canada wheat is purely and completely international in its character. It cannot be controlled by any purely Canadian action. It is predominantly sold on the world market, and the domestic price is a subsidiary factor dependent entirely upon the world market. Again differing from any other article, every fraction of cost in removing wheat from the producer to the ultimate market in the old world is deducted from the price received by the producer. It stands in a class by itself.

It cannot be benefited and it may be injured by any purely national action in respect to it. That is why I suggest that the government should consider very carefully the full effect of its action. If this provision is put into force I suggest that the government at all times keep in mind the application of every possible control, statutory, regulatory or any other form, which will prevent the farmers who are already suffering sufficiently from suffering any additional handicap through the removal of competitive factors on one of our chief channels of trade.

Mr. COWAN (Long Lake): The hon. gentleman is all right and he is all wrong. He is right when he states that competition sets the freight rates. He has said that the competition on the great lakes will fix the rates in Vancouver.

Mr. SPEAKMAN: Will be a factor in fixing the rates.

Mr. COWAN (Long Lake): All right. The rates in Vancouver will fix the rates on the great lakes.

Mr. SPEAKMAN: Also a factor.

Mr. COWAN (Long Lake): All right. As soon as those rates are increased Vancouver will have more grain to ship. Last year I believe 120,000,000 bushels went through that port. Let them take another 120,000,000 bushels away from Fort William, and where would shipping on the lakes be?

Mr. VALLANCE: Would it cost the farmer a little more?

Mr. COWAN (Long Lake): No, not a cent. The farmers out there are shipping through Vancouver because it has the cheapest rate, and that competition will keep the lake rates down. As soon as the rates are raised, down will go the shipping.

Some hon. MEMBERS: Question.

Mr. VALLANCE: I have one personal observation to make, and I shall have finished. I come from a portion of Saskatchewan which I may describe as being on the shed. In other words, the rate to Vancouver is to us always the same as it is to the east, and my people are most interested because of the very point raised by the hon. member for Red Deer (Mr. Speakman). If you are going to make it possible to apply the maximum rate on the lakes you are going either to increase the shipments to Vancouver or increase the rates of shipment to Vancouver. There is no part of western Canada, taking the meridian of Alberta and Saskatchewan, that is more vitally interested than that portion. I represent a part of that country, and I feel keenly on this matter.

Mr. MOTHERWELL: When this matter was under discussion last year and the year before I stated that I had no harsh feelings towards the maritimes. As a matter of fact, I should like all Canadian produce that now goes via American Atlantic ports to go via our maritime ports. Even if the cost might be a trifle greater, in normal times I would not mind that extra cost if it were only say half or quarter of a cent. But when we are losing money on every blessed bushel we raise, every quarter of a cent means that much more loss to us. Last year we had magnificent crops in the district from which I come, yet we lost money. Well now, to ask us simply for sentimental reasons to lose a little more is something which is hard to swallow. I think too much of our maritime friends to quarrel with them, because I love that country,—its history, its people, its tradition and the story of the early Acadians and British settling there. I am not going to quarrel with them now; do not make any mistake about it, because I do not feel that way. But I do feel that the government has been derelict in its duty in not settling this question about Canadian wheat going to the United Kingdom via Buffalo. What in the world was the sense of making an agreement here in this building without knowing what were to be the conditions under which grain was to enter the United Kingdom via Buffalo, whether it would be subject to the six cent duty or not? As a matter of fact, this government forgot all about it. I doubt if the question ever was raised in this building at the time the agreement was being made, and it was not until the hullabaloo was set up when the grain started to go via Buffalo that the government grew alarmed, and when the question was put up to them they were afraid to decide it—let the Minister of Trade and Commerce (Mr. Stevens) correct me if I am wrong. Had the question been settled at the outset whether our wheat could go via Buffalo and thereby escape the tax of six cents duty when it entered the United Kingdom, because it is a tax—there is no preference about it; it is a question of taxing or not taxing the grain when it enters British ports—there never would have been any trouble about it. But the government neglected to settle that question at the time of the bargain, and naturally it then became

a question whether the grain should go by our maritime ports and please the people of the maritimes or go via Buffalo and please the people of the west. The answer of the government and of the Minister of Trade and Commerce always was: This is a question for the British people to decide; it is their problem; we have nothing to do with it; it is they who gave the preference and so on, and so forth. But is that the case? It is not the case. It is just as much our problem as it is the problem of the British people. If the doctrine that it is the British people who have the say on this matter is correct, it is the British people who have the say on the bacon question, on the cattle question, on the tobacco question and on all the other questions that were dealt with at the Ottawa conference. There was every reason why there should have been a specific understanding at the time of the bargain. The question should never have been left open to cause differences amongst ourselves, because the maritime people naturally want our grain to go that way; we just as naturally do not want to pay any more by having it go that way, and to go that way would mean losing a little more money on every bushel we ship. I would like the Minister of Trade and Commerce to show cause why the government cannot settle this question with the British government. We have had the cattle quota question up recently, and that question should never have arisen, but it did arise and an agreement was come to about it and a quota decided upon. Why cannot this government sit in with the British people and decide whether or not our wheat can go via Buffalo direct to the United Kingdom without any handicap? It is their duty to do it.

Mr. STEVENS: That was settled long ago.

Mr. MOTHERWELL: It is not settled.

Mr. STEVENS: It certainly is.

Mr. MOTHERWELL: It is settled on the basis of every cargo on its merits.

Mr. STEVENS: It has been settled, and it has been explained a dozen times. Any cargo that has a through bill of lading, which is a perfectly proper and ordinary thing, is declared by the British authorities to be duty free.

Mr. MOTHERWELL: That may be so, but my understanding from the press, and my hon. friend should know better than I because all I had to go on was the press reports, is that every cargo is settled on its merits or demerits. Some go straight to the United Kingdom and get the exemption from paying duty, and some do not. If the question is really settled I would like to know it because there would be no use in talking about it any more. If the minister would say that we cannot ship to the United Kingdom via Buffalo, that would end the matter. But we would then know where the responsibility lies. It would not be with the British government alone but with ours also; do not make any mistake about that.

Mr. DURANLEAU: After having listened to all this discussion, Mr. Chairman, I am sorry to say that the government cannot accept the amendment of my hon. friend from Lisgar (Mr. Brown). We are compiling in this statute all our existing laws concerning shipping, and we are simply asking the house to reaffirm in these sections what was adopted by the house at the last session, after careful study; this legislation was submitted by the government after strong representations had been made from all sides. We heard the Canadian mariners and the Canadian ship owners, who represented to us that when foreign ships were carrying grain or other goods on the great lakes from one Canadian port to another Canadian port our Canadian bottoms were tied up by hundreds along the shores of the great lakes and our Canadian mariners were standing idle on those shores looking at foreign ships and foreign mariners carrying and handling our Canadian grain in foreign bottoms. All these questions were studied very carefully, and the house came to the conclusion at the last session that this coasting law should be adopted in order to put our Canadian mariners and our Canadian bottom owners on the same footing as the Americans.

This very question whether this law would bring an increase in transportation rates on the great lakes and thereby injure our western farmers was very carefully studied, and it was only after we had ascertained that we had a great surplus of Canadian bottoms on the great lakes, and that we were sure that there would be enough competition to protect the farmers of the west, that we came to the conclusion that we should introduce the legislation of last session. I do not see why Canadian bottoms could not carry Canadian grain at the same rate as foreign bottoms, if not at a lower rate. If we had thought for a moment that this legislation would have for its effect an injury to our farmers we would never have brought it down. There

is no question about that. But after very carefully studying the question we have come to the conclusion that we should embody in this bill the legislation which was very properly enacted at the last session.

Mr. MOTHERWELL: That does not exempt the question from discussion.

Mr. DURANLEAU: Of course not.

Amendment negatived.

Section agreed to on division.

Sections 664 to 704 inclusive agreed to.

On section 705—Power to exempt foreign ships from certain provisions.

Mr. REID: Would it be possible for ships, say from Japan, operating on the Pacific coast, to receive exemptions under this section?

Mr. BENNETT: Exemptions from what?

Mr. REID: The section reads:

Where the governor in council is satisfied that ships of a foreign country—

And so on, and:

—the governor in council may direct that any such provisions of this act, as aforesaid, shall not apply—

Mr. DURANLEAU: If a country has reciprocal legislation, their ships may receive exemption.

Mr. REID: If they exempt Canadian ships, they may be exempted?

Mr. DURANLEAU: Yes.

Section agreed to.

Sections 706 and 707 agreed to.

On section 708—Jurisdiction of courts over foreigners belonging to foreign ships restricted.

Mr. REID: This section states that no judge, magistrate or justice of the peace shall entertain or act upon any complaint or information by or against any person belonging to or connected with any foreign merchant ship. Would that mean that a sailor on a United states ship which happened to be in the port of Vancouver could not have a case heard for wages or injury?

Mr. BENNETT: Not in our country; that is an American ship.

Mr. DURANLEAU: They must give notice to the consul.

Mr. STEVENS: That is what the consul is for.

Section agreed to.

Sections 709 to 719 inclusive agreed to.

On the schedules.

Mr. BENNETT: These schedules represent conventions, international and national, which have been agreed to and ratified by parliament.

Mr. DURANLEAU: An amendment is necessary in connection with page 454. I will ask the Minister of Trade and Commerce (Mr. Stevens) to move that the words, "Ottawa: Printed by Frederick Albert Acland, law printer to the King's Most Excellent Majesty" at the bottom of the page be struck out.

Mr. STEVENS: I move accordingly.

Amendment agreed to.

Schedules as amended agreed to.

Progress reported.

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

Friday, June 15, 1934

The house met at three o'clock.

DOMINION FRANCHISE ACT

ELECTORAL FRANCHISE—APPOINTMENT OF FRANCHISE COMMISSIONER—PRINTING OF VOTERS' LISTS

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 101, an act respecting the franchise of electors at elections of members of the House of Commons.

Motion agreed to and bill read the first time.

UNEMPLOYMENT RELIEF

PUBLIC WORKS PROGRAM FOR MONTREAL

On the orders of the day:

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): I hold in my hand the Montreal Gazette of Thursday, June 13, 1934. On the first page I find this news:

Ottawa relief plan calls for 6 million here. New post office and custom house in program.

And there follows a report of an interview given by Mayor Camillien Houde to the Montreal trades and labour council and the building trades council in which the mayor is reported as follows:

I understand that most of the items you name are already on the federal program—not the C.N.R. however. In all I think between $5,000,000 and $6,000,000 will be spent here.

I would like to ask the government if the mayor of Montreal had authorization from the government to make such a statement.

Right Hon. R. B. BENNETT (Prime Minister): I think, Mr. Speaker, it is quite apparent from his statement that he had no such authority.

SOCKEYE SALMON TREATY

On the orders of the day:

Mr. THOMAS REID (New Westminster): I would like to direct a question to the Prime Minister (Mr. Bennett) as to whether representations have been made to the United States in regard to the treaty passed here in 1930 relating to salmon. My reason for asking that question is that nothing has been done by United States interests, and there are interests in this country that are in doubt as to what further progress can be made by Canada.

Right Hon. R. B. BENNETT (Prime Minister): I think I intimated to the house already this session that the matter has been the subject of discussion between the state department and the Canadian minister at Washington. It was hoped at one time that some action would be taken by the United States Senate to ratify the treaty, but no action has been taken up to the present.

PUBLIC WORKS PROGRAM

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): A day or two ago the Prime Minister mentioned that he was holding back the program of construction of public works until the pending provincial elections are over. Might I ask him if he will arrange to see that the program is presented to the house before the results of the elections are known?

Right Hon. R. B. BENNETT (Prime Minister): Barring accidents I shall ask the Minister of Public Works (Mr. Stewart) to present it on Tuesday.

RAILWAY ACT

AMENDMENTS SUGGESTED BY LABOUR REPRESENTATIVES IN VIEW OF JOINT OPERATING SERVICES

On the orders of the day:

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): I would like to ask another question of the government. I was informed some time ago that the representatives of the employees of various railways in this country have approached the government presenting a brief and memorandum suggesting certain amendments to the Railway Act, in view of the operations as now being carried on under cooperative conditions. I would like to know if it is the intention of the government to bring in amendments to the Railway Act in accordance with the wishes and representations so made, before the end of the session.

Right Hon. R. B. BENNETT (Prime Minister): The hon. gentleman is aware, I think, that at the meeting with the representatives of the railway employees it was intimated that it was not probable that we would open the Railway Act this session. The Minister of Railways is not here at present, I think further representations were made to him recently, and I am not in a position to indicate what conclusion he may have arrived at. If it is necessary to open the Railway Act at all, the matters mentioned by the hon. gentleman would be dealt with. I regret that in the absence of the minister I cannot say definitely whether that will take place.

TARIFF BOARD

DECISION OF SUPREME COURT AS TO RIGHT TO MAKE RULINGS ON POINTS OF LAW AND FIXING OF VALUES

On the orders of the day:

Mr. R. B. HANSON (York-Sunbury): I wish to address a question to the Minister of National Revenue (Mr. Matthews). Has any decision been handed down by the Supreme Court of Canada with respect to the tariff board jurisdiction?

Hon. HUGH GUTHRIE (Minister of Justice): In reply to my hon. friend's question I may say that we received notice this forenoon that judgment has been given on the question submitted. I have not yet received copies of the judgment, but I have before me a memorandum showing the answers returned by the supreme court to the questions submitted. They are as follows:

1. Has the tariff board as constituted under chapter 7 of the statutes of 1932-33 authority to determine questions of law as distinct from questions of fact?

No.

2. Has the tariff board authority under said act to determine that the orders of the Minister of National Revenue aforesaid, fixing the values for duty of such goods, under the authority of section 43 of the Customs Act as enacted by chapter 2 of the statutes of 1930 (second session), prior to the enactment of chapter 7 of the statutes of 1932-33, were annulled and ceased to be effective from the

date of the last mentioned enactment in respect of goods entitled to entry under the British preferential tariff?

No.

3. When the tariff board acts under the provisions of part II of the said act, are its decisions as to the value of goods for duty purposes subject to the approval of the Minister of National Revenue?

Yes.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): In view of the answers just read by the Minister of Justice (Mr. Guthrie) to the questions submitted to the supreme court might I ask the Prime Minister (Mr. Bennett) if it is the intention of the government at this session to bring in legislation which will help to ensure that the representations made at the time the Ottawa agreements were passed will be given due effect. As I read the answers, they would appear to run counter to what at the time was stated to be the intention of the government with respect to at least one of the purposes of the tariff board.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, they are not. The decisions of the Supreme Court of Canada are wholly in accordance with the representations and statements made at the time the Ottawa agreements were concluded.

I am glad to avail myself of this opportunity to clear up misrepresentations—I trust they were not deliberate—with respect to the meaning of the Tariff Board Act. When the statute was before this house I stated and restated that this was to be a fact finding body. No member of this house has any doubt about that; if he has he can consult Hansard. The supreme court has decided that the board had no power to determine questions of law, but only questions of fact. I have never been able to understand just why any other view was entertained. The second question was, "Has the tariff board authority under the said act to determine that the orders of the minister made under the old statute were not binding" and the court held that the statute we passed rescinding section 43 in its operations, as promised, did not operate with respect to orders made before that statute was passed. That is all. I resent even the suggestion that every promise made has not been implemented to the full with respect to those agreements. The promise was that at the earliest possible date consistent with financial conditions we would rescind the power conferred upon the minister to fix the value for duty purposes of goods coming from Great Britain. In 1932-33, by chapter 7 of the statutes of that year, we did pass an act that had the effect of making it no longer possible for the Minister of National Revenue, under section 43, to fix the value for duty purposes on goods imported from Great Britain. There is no power now in the minister to fix the value under section 43 of goods imported from Great Britain; the statute rescinding and destroying that power as it formerly existed was enacted by this house and the Senate and given the royal assent. But there were outstanding two or three orders fixing values, and the tariff board decided that those orders were invalid although they had been passed prior to the date of the amending statute that removed from the minister the power to fix values. The supreme court has decided that those orders were not thus made invalid. That is that.

It is a little difficult to understand why there was any doubt as to the next question. It was merely that the statute provided under part 2, which substitutes the tariff board for the old customs board so that they may not sit in judgment upon themselves, that the same power that was possessed by the customs board should be retained, and that power is still retained by reason of the answer given to the third question. In other words, unless the statute is repealed or amended by parliament it does not by implication, through the creation of a new board instead of the customs board, result in the amendment or repeal of that section of the statute.

Mr. MACKENZIE KING: May I ask the Prime Minister if the impression to which he refers was not held pretty generally in England? If I am not mistaken the impression in Great Britain was due largely to remarks made by Lord Hailsham with respect to his understanding of the functions of the tariff board in protecting British exporters and the rights secured to them under the agreement.

Mr. BENNETT: I have no right to enter into a debate on this matter, Mr. Speaker, but I have seen no statement made by Lord Hailsham that is at variance with what was decided by the supreme court. I do not think for a single moment that he had any idea that there was any doubt as to the fact that this was a fact finding body and not a court of law to decide questions of law, that the customs board had really divested itself of its jurisdiction by statute, and the jurisdiction that it formerly had was thereby vested in the tariff board. I am not unmindful of the fact that many misrepresentations have arisen in England with respect to the tariff board and other matters, but I am also aware of the source from which such misinformation was disseminated.

Mr. JACOBS: May I ask if the decision of the supreme court was unanimous?

Mr. BENNETT: I cannot answer that question.

Mr. GUTHRIE: Yes, I understand that it was unanimous.

Hon. ERNEST LAPOINTE (Quebec East): Of course we cannot discuss this matter now, and it is not my purpose to defend the views of the distinguished chairman of the tariff board, who no doubt will avail himself of the lecture he received to-day.

Mr. BENNETT: I have not lectured him. I resent that.

Mr. LAPOINTE: My right hon. friend has plainly stated that he cannot understand why there has been any doubt held by anyone as to this interpretation. The chairman of the tariff board held a different view of the matter from that entertained by my right hon. friend.

WATERWAYS TREATY

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): I find in the United States press reports to the effect that negotiations are being opened between the United States and Canada for a new treaty concerning international waterways. I should like to know whether there is any accuracy in these reports.

Right Hon. R. B. BENNETT (Prime Minister): I have not received any information that would induce me to believe that negotiations for a new treaty were in progress. That is all I can say at the moment. I will make inquiries, but I have not been so informed.

SPECIAL WAR REVENUE ACT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 97, to amend the Special War Revenue Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

On section 1—Stamp tax on postal notes.

Mr. MACKENZIE KING: May I ask the Minister of Finance if the bill is based in its entirety on the resolutions which were very fully discussed when the house was in committee?

[Mr. Bennett.]

Mr. RHODES: This bill deals only with the resolutions which have been passed, arising out of the budget, with the exception of one or two changes which deal entirely with administrative matters. There is no change in substance.

Mr. MACKENZIE KING: If there are any new features would the minister direct our attention to them, and in that way possibly save some time.

Mr. VENIOT: May I ask the Minister of Finance for an answer to the question I raised about affixing stamps to money orders. Is it necessary to affix the stamp or to have the stamp printed on the corner.

Mr. RHODES: Mr. Chairman, upon inquiry I have found that this wording is precisely the same as has obtained hitherto. The word "affixing" does not mean that there must be an actual physical addition of a stamp upon a document, but that the printing or embossing covers the word "affixing."

Mr. VENIOT: If it were embossed I would not object, but it is not embossed. However, my reason for asking the question was that I wanted to clear up the matter as to the question of revenue between the Post Office Department and the Department of National Revenue, so that we would be able to distinguish the amount of work done by the Post Office Department entitling it to that revenue. I say now that they are doing no work, and that the revenue should be credited directly to the Department of National Revenue. The printing on the corner of post office orders, money orders or postal notes is not done by the Post Office Department. It is paid for outside the department, and therefore that department does nothing to earn that amount of money. It should be credited to the proper department.

Mr. RHODES: I take no exception to what the hon. member for Gloucester has said. In fact, he might go a little farther and deal also with the question of the use of postage stamps, instead of excise stamps, which run into a very considerable volume of money, and he would portray a picture which is not accurate with respect to the revenue of the Post Office Department. However that is a larger question which will have to be dealt with later.

Mr. VENIOT: It is a false picture.

Section agreed to.

Section 2 agreed to.

On section 3—Excise tax on unstamped packages of cigarette paper or cigarette paper tubes.

Mr. RHODES: Section 3 is new, but it is purely administrative, and provides for the affixing of stamps in the event of dealers having goods in hand.

Section agreed to.

Sections 4 to 10 inclusive agreed to.

On section 11—Drawback.

Mr. RHODES: This is a new section, but dealing with a purely administrative matter. It is to broaden the payment of drawback on goods exported, and to assist Canadian manufacturers in competition on the world's market. The reason for not exempting fuel is that this is used in the plants to supply heat and power, and it is almost impossible to allocate the division of fuel, first, as between heat and power and, secondly, as between domestic and exported goods. It is thought that to make a provision for drawback in respect to excise tax would meet with considerable controversy as to the correct proportion, and it would be difficult if not impossible to administer. This is a broadening of the item.

Section agreed to.

On section 12—Additional penalties.

Mr. RHODES: This is new. The only change in this instance is to make it clear that a penalty may be applied to a taxpayer in addition to the interest on outstanding arrears. It has been a question in some quarters whether when such interest is called a penalty a taxpayer who is delinquent in payment may be required to pay any other penalty for default than the interest, and the present section is designed to clarify the point.

Section agreed to.

On section 13—Officer may make inquiry.

Mr. RHODES: This is also administrative. At the present time there is no authority provided in the act for the examination of certain businesses. In order to ensure that the taxes imposed by the act were being properly paid, while there has been no opposition made as to the inquiry upon the part of the department, it is thought wise to have a legislative provision so as to prevent any difficulty arising in the future.

Section agreed to.

On section 14—Penalty for collecting excess sums.

Mr. RHODES: This is new, also. In a word, the provision contained in the section is that if any person collects a sum larger than that which he remits to the crown, the additional portion collected must go to the crown.

Section agreed to.

On section 15—Time limited for prosecutions.

Mr. RHODES: This is a new section. It is designed to permit the department to take action against defaulters or those who have falsified records in connection with taxes, under this act, within three years after the offence was committed. Without some similar proviso section 1142 of the criminal code precludes action in a case where the last falsification or fraudulent entry was made more than six months before it was discovered. As the departmental auditors do not audit the records of taxpayers as frequently as that nor is it possible for them to do so, the department is debarred from taking criminal action against defaulters, owing to the section of the criminal code referred to, a section which definitely limits such action to within six months from the time that the matter about which complaint has been made arose.

Mr. VENIOT: I think three years is too long. Why not make it two?

Mr. RHODES: I would take no exception to limiting the period to two years, except that I may point out that there is a similar provision in the Customs Act which names a period of three years, and there is always the overriding consideration that there can be no injustice done to the honest person.

Section agreed to.

On section 16—Definitions.

Mr. FRASER (Cariboo): I should like to ask the minister a question with respect to section 122, coming under part XV. I received a wire this morning stating that there had been certain increases in the mint charges in regard to placer gold. Could the minister tell me what those charges are, or how they have been increased.

Mr. RHODES: There has been a service charge imposed, applicable only to gold other than that with respect to which the premium tax of 25 per cent obtains. The cost of handling of small parcels of gold is much greater per ounce than the cost of handling gold in

large quantities at the mint. It is therefore provided that a service charge of one dollar per ounce shall obtain in the shipments of gold of fifteen ounces or less, but where the shipments are fifty ounces or more the service charge is 25 cents.

Mr. FRASER (Cariboo): Might I ask further if the change in the imposition of this charge is as a result of the tax that was levied on gold, or was it imposed before?

Mr. RHODES: No, Mr. Chairman. There has been a service charge since March 19. It does not arise of necessity out of or have any relation to the tax on gold as introduced in the budget, but it is felt to be a fair service charge having regard to the disproportion as between the revenue derived from the shipments of gold which are not subject to the gold tax so called.

Mr. FRASER (Cariboo): I know I am not exactly in order, Mr. Chairman, but there is one other question I wanted cleared up. Last year we had a good deal of congestion and delay in getting returns for our gold when it was shipped to the assay office at Vancouver. It has been alleged that there were certain reductions made in the staff of that office about the time of the peak of the production, and I should like to know from the minister if there is anything in that charge.

Mr. RHODES: The difficulty does not arise, nor has it arisen, because of any action or lack of action on the part of the department in Canada, but delay very frequently arises through our having to await the assay returns when the gold is sold in the United States. In this connection may I also point out that the service charge of which I spoke a moment ago covers not only the cost of handling so far as the royal mint in Ottawa is concerned but the costs to which we are put on account of shipment charges, insurance, and an assay charge in the United States where the gold must again be assayed before payment is finally made.

Section agreed to.

Sections 17 to 24 inclusive agreed to.

Bill reported, read the third time and passed.

CUSTOMS TARIFF AMENDMENT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 98, to amend the customs tariff.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

[Mr. Rhodes.]

On section 1—"Proof."

Mr. RHODES: Mr. Chairman, following the inquiry put to me by the right hon. leader of the opposition, I beg to inform the committee that there is nothing contained in this bill which is not based upon or arises out of the resolutions which have already been passed in ways and means.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

Bill reported, read the third time and passed.

INCOME WAR TAX ACT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 99, to amend the Income War Tax Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

On section 1—Income.

Mr. LUCAS: Some time ago a statement was made before the committee that a certain gentleman was receiving $5,000 per week upon which he was not paying any income tax. I would be glad if the Minister of Finance (Mr. Rhodes) could give us an explanation as to how he evaded the tax and if any amendments are being made to the act to deal with that situation.

Hon. E. N. RHODES Minister of Finance): The hon. member for Camrose (Mr. Lucas) will appreciate the delicacy of the question he submits in so far as it pertains to an individual. I may say to him that assuming there were sums received by an individual by way of instalments on a surplus in a company and which were really in effect an income, I believe the amendments which we have in the present bill will be ample to safeguard the treasury and give assurance that there will be no possibility of evading the proper payment of income tax by calling the payments something other than income. I will indicate that section when we come to it.

Mr. LUCAS: I thank the hon. minister for his statement because I think this instance has created a great deal of ill feeling throughout the country.

Section agreed to.

Sections 2 to 9 inclusive agreed to.

On section 10—Surplus distribution taxable.

Mr. RHODES: I ask the hon. member for Camrose (Mr. Lucas) to look at this section. I may say to the committee that this

section has been devised with very great care and in the light of the experience of years in the department. I have the hope, based upon the assurance which they have given me and the interpretation which has been placed upon this section by the Department of Justice, that its provisions will be ample to cover the case he indicated.

Mr. LUCAS: Will the provisions be retroactive?

Mr. RHODES: No, they will not be retroactive. My hon. friend and the committee will recall full well some of the observations which have been made with respect to the retroactive features not only of this act but other taxing legislation. Apart from the injustice per se of retroactive legislation of this character, it involves the opening up of transactions which have been closed and concluded by the department and it creates difficulties of an administrative character which are almost insuperable. For these reasons it was thought that it would not be wise to ask for a retroactive feature in this section.

Mr. HANBURY: I understand that all legislation in connection with income tax is retroactive to a certain extent. Legislation passed in one year is effective on the previous year's business or income and I assume that this section will be retroactive to that extent and apply to the income either for 1933 or for the expired portions of 1934.

Mr. RHODES: The retroactive feature of which my hon. friend speaks has always been inherent to our income tax legislation since the date of its inception in 1917, and it would be a matter of great difficulty to avoid that feature. That phase of retroactiveness is not disturbed, altered or interfered with in any way by the amendment in question. When I spoke of it not being retroactive, I spoke in the sense that a transaction once having been closed and the tax paid we could not go back and bring it up again. That is an entirely different matter.

Mr. JACOBS: The minister has assured us that this section 10 which we now have under review has been drafted with a great deal of care. Are we to assume that the other sections have not received the same grave attention from the draughtsmen?

Mr. RHODES: I would not want that interpretation to be taken from my having laid emphasis upon the fact that this section had been drafted with great care. I made that statement in connection with the remarks of the hon. member for Camrose (Mr. Lucas) who made a particular point and perhaps I laid emphasis upon it by reason of the fact that this is a rather novel phase of income tax legislation. So far as I am aware, all the sections of this bill have been drafted with equal care but at the moment I happened to be dealing with this one particular section.

Mr. HANBURY: I should like to have one point perfectly clear in my mind in connection with the time to which this particular section will apply. I am assuming that it will apply to the period of taxation since the filing of the last return by the person who might be involved in this particular transaction.

Mr. RHODES: My statement to the committee a short time ago was made after conference with the commissioner of income tax and I believe it is technically correct as it stands. But I did not refer to the variation in the degree of truth as exemplified by David Harum who said there were two kinds of truth, jury truth and gospel truth.

Mr. HANBURY: Which type is the minister's?

Mr. RHODES: I am advised that this, not having hitherto been regarded as income under the terms of the act, will not be treated as income for the last year upon which income tax will be levied this year. In that sense it does not have a retroactive feature, it will only become operative from the time of its enactment. I hope I have made myself clear.

Mr. HANBURY: My particular point is this. This legislation is effective now?

Mr. RHODES: Yes.

Mr. HANBURY: Assuming that the parties responsible under this particular section file their income tax returns as from the first of January, 1934, will it affect the particular income covered by this clause, from the first of January, 1934, until this date?

Mr. RHODES: No, for the reason that this was not income. It has only been made income in virtue of section 10 which we are now passing.

Mr. HANBURY: That was the point that appealed to me, and that is why I wanted to have it cleared up, because the minister did say that it would be retroactive to some extent and I did not think it would be.

Mr. CARMICHAEL: I was interested to hear the minister say that this section would cover such instances as were outlined by the hon. member for Camrose. I would endorse

the thought too that this should be made retroactive further back than the first of January. I remember that what I believe was called the business profits war tax act was passed a year or possibly two years after it was made operative. I recall that the business men in my own town had considerable difficulty making up the tax levied on them—as I say, I am not sure whether it was one or two years after the money had been earned and spent. However, they were required by federal legislation to make up the tax to the federal treasury. It seems to me that if the act could be made retroactive in that case, to collect taxes from honest business men, it is only fair that the minister should devise ways and means of collecting the tax from such individuals as have evaded it. The instance has been cited of a person collecting more in one week, and paying nothing to the federal treasury, than many people collect in the entire year, and yet they have to pay income tax.

Mr. RHODES: I take no exception to the desires expressed by my hon. friend from Kindersley but I must point out to him that in the year 1930 this house passed an amendment to the Income Tax Act which not only made it possible but actually extended an invitation to people to evade the income tax, which they did to the extent of hundreds of thousands of dollars. We are now taking a further step towards trying to repair the damage done at that time. If it were possible to pass an act which would meet an individual case such as my hon. friend no doubt has in mind, well and good; in that event we should be absolutely justified in applying the retroactive feature, in equity although not in strict legal right. Unfortunately however you have to devise a law of general application; it cannot be restricted to individuals; and when you devise a law of general application you run into numerous cases where moneys have been disbursed in conformity with the law and the tax paid to the extent the law called for. These transactions have been closed, the estates wound up, people are dead or have moved away and property is dispersed; so that it would be a physical impossibility to apply a law of that character; otherwise I would endeavour if it were at all possible to do so to devise an amendment which would meet the case my hon. friend has in mind.

Mr. HEAPS: May I remind the minister of the matter I raised a few weeks ago regarding the exemption of those who contribute towards unemployment relief funds. I suggested that amounts so contributed should be exempted from the income tax, the same as contributions for charitable purposes. The minister said he would consider the suggestion sympathetically and look into the matter to see whether such exemptions could be made under the present regulations. May I ask him what steps he has taken in the matter.

Mr. RHODES: As a result of the representations made by my hon. friend I went into the matter with care with the commissioner of income tax. I looked over the regulations and found that, although my sympathy went out to him, in view of the object he had in mind, the fact was that if we attempted to devise regulations which would permit the avoidance of taxation to meet the case in point, assuming for the sake of discussion that it was an eminently worthy one, we should open the door to numerous cases of violation which might come technically within the wording that we might provide but which would be in effect an invitation to an evasion of the tax. Much therefore as I regret having to do so, I must inform my hon. friend that it is not possible by way of regulation to meet that specific case.

Mr. HEAPS: We are assuming now that too many people are dishonest in making out their income tax statements. But there is another point that suggests itself here. These very people to whom I have been referring give a fairly large proportion of their wages to help their fellow members when unemployed, so as to keep them off public relief. This is a voluntary obligation they undertake, and the chances are that another year they will refuse to assume this obligation to maintain members of organizations on relief, with the result that such persons as are helped by these voluntary contributions will hereafter become recipients of public relief. That is another way of looking at the matter. The government has been saving a fairly large sum of money through the amounts contributed voluntarily in this way, and the answer which the minister gives is rather disappointing, because I am afraid it may have the effect I suggest. I believe that had the minister given to this suggestion the same careful consideration that he gave to other classes, he could have found ways and means of exempting these people from taxation.

Mr. RHODES: I can assure my hon. friend that I gave just as much consideration, if not more, to the case he has submitted, for the reason that it is one that naturally arouses one's sympathy, which is not so as regards the incident mentioned by my hon. friends from Camrose and Kindersley. I venture to

say however that if the hon. gentleman were in my place, charged with the responsibility that attaches to a ministerial office, he would have come to precisely the same decision as I was compelled to come to for the reasons I have indicated. The statement I originally made holds with respect to this case, but I may point out to my hon. friend that he weakened rather than strengthened his case when in his second remarks he referred to the fact that this was a passing phase that would obtain only for a year or two. It would be very bad legislation to attempt to put something permanent into the form of a statute which was admittedly designed to cover an ephemeral case.

Mr. MUNN: I have a question to ask the minister, and while it may not be under this section it has reference to taxation. A year ago an amendment was passed for the purpose of collecting a tax on bearer bonds. There was a regulation to identify the bond, but I have reason to believe that some of these bonds were handed in by different people. For instance, John Brown —I am not referring to our hon. friend here— might take in bonds that belong to some other person. I am told that has been done. I would suggest that while this bill is being dealt with perhaps that point could be covered, have it arranged that not only the bearer of the bond be identified but the absolute owner be identified at the bank.

Mr. RHODES: The case indicated by my hon. friend is clearly one of fraud. The statute must of necessity assume that the law will be properly observed. The case he mentions is one for the criminal court. May I point out that until the department becomes thoroughly experienced in dealing with these certificates some little delay is bound to occur, and possibly a slip here and there. When I say that at the moment there are in the department over two million of these certificates, it will be apparent that the mere physical act of sorting and allocating and computing them involves a tremendous amount of clerical work. I have no doubt there will be instances of the law being evaded, yet slowly but surely the strings will tighten, and the individual who thinks to-day that he escapes will find out one or two or perhaps three years hence that his escape was imaginary and not real; ultimately he will be called upon to pay the full amount of the tax that the law calls for.

Mr. MUNN: I have been told by tax auditors that they knew of cases of evasion. It seems to me there might be some tightening up by the Finance department. While I am on my feet I would ask if the minister can give the committee figures or an estimate of what amount of money that little amendment meant to the exchequer of Canada.

Mr. RHODES: The five per cent tax as a whole brought in somewhere in the neighbourhood of $4,800,000 last year. I have no doubt that that sum will be increased proportionately as the years go by, because there are always difficulties in administering a new act which covers so much ground and involves so much accounting and has so many ramifications. But even that sum is an indication of the merits of the proposals put through a year ago. I may point out that you cannot make a perfect act, you will always find men who are criminally inclined and who can evade almost any law in part. I think for instance of the tax on cheques. At one time cheques below $5 were exempt. One individual of some substance, and who is regarded as a good citizen, when he had a $15 account to pay was at pains to issue three $5 cheques. You will have those cases and it is difficult to legislate so as to avoid them. They do not indicate a weakness in the law, I would rather incline to the view that they indicate a weakness in human nature which we must always take into account.

Mr. MUNN: One more word. The minister mentioned that it involves a large amount of extra work but he will agree that it gives employment, and the government has been very well paid for it.

Mr. RHODES: Oh, yes.

Mr. NEILL: Would it not save a lot of that trouble if in future no bearer bonds were issued? Is there any particular reason why there should be bearer bonds? If there were not it would save an infinity of trouble.

Mr. RHODES: That suggestion is worthy of consideration, but it would tend to a frozen situation with respect to bonds which would make financial transactions very difficult, not being negotiable. I am afraid it would be almost impossible to comprehend a situation of that character.

Mr. NEILL: Registered bonds are negotiable now, you have only to sign a transfer.

Mr. RHODES: They are not negotiable in the sense of passing from hand to hand. They require the same formality as any other transaction, an entry both ways. I shall be glad to give consideration to the suggestion but I doubt very much if it would be feasible.

Mr. NEILL: A man does not pay his debts with a hundred dollar bond. Bonds are only sold through a bank. There would not be as much trouble in transferring them as there is in making out the certificate every time you get a coupon cashed and it would do away with all the chances of evasion.

Section agreed to.

Section 11 agreed to.

On section 12—Advances to nonresident corporation without compensation.

Mr. HANBURY: I notice that this and many of the succeeding sections refer to people and companies outside of Canada. I was wondering if the minister could make a general statement covering the situation and also advising whether the legislation is reciprocal with other countries.

Mr. RHODES: It is rather difficult to make a general statement. While these sections are general in effect, I may say that they have arisen because of some cases met with in actual experience, where attempts have been made to evade the law by a subsidiary company lending its money to the parent company without interest; also in connection with the five per cent tax, which was only applicable in cases where the payment was in Canadian funds. We soon found that in certain instances, in order to avoid paying that tax, companies made provision for their payments to be made in foreign funds. We are amending the act to meet that case as well.

Section agreed to.

Section 13 agreed to.

On section 14—Nonresidents deemed to be carrying on business.

Mr. HANBURY: I notice we are going to tax nonresident companies doing business in Canada. The question arises in my mind as to what method we are going to adopt to collect the tax. Assuming that the salesman for a United States company comes into Canada and does business, we now propose to charge them income tax. How we are to collect the tax is what concerns me at the moment.

Mr. RHODES: In practically every instance these companies have assets in Canada or have receivables in Canada or they wish to continue in business in Canada. So that in any one of the three cases, or a combination of them, there is a situation which enables the department to ensure that it will receive the tax in precisely the same way as it would in the case of a Canadian company.

[Mr. Rhodes.]

Mr. HANBURY: Does the government possess any particular information as to what companies are doing business in Canada? Would they get that through the present income tax offices, or would they have access say to the customs department for that information?

Mr. RHODES: The department has a very comprehensive tax roll which pretty well covers the ground. I have no doubt that from time to time an individual or perhaps a company may be found that is not on the list, but sooner or later they arrive there.

Mr. HANBURY: For example, assume that some companies in the United States are selling lumber in Canada, they may sell a greater or less quantity. Is it the intention of the government to watch the sales of such products coming into Canada and collect income tax on that basis?

Mr. RHODES: If they have agents or an agency or employees in Canada, then the department would apply the tax. I might point out to my hon. friend, who has had experience in these matters, that any business worthy of the name is bound to make its presence apparent, either through office telephones, the receipt of telegrams or in other ways. All these sources of information are available to the department and are combed and watched very carefully.

Mr. HANBURY: I wonder whether it is the purpose of the government, where a foreign company has agents in Canada, regardless of the volume of business that may be done by those agents, to have a return filed with the department as to the amount of business done by each agent.

Mr. RHODES: No, in practice what happens is this : The department gets in touch with the company and has the company, through one agent or through its own officers at the head office, file the necessary income tax form.

Mr. HANBURY: I am just a little cloudy as to this feature. Would that result in every foreign company doing business in Canada having to file a return with the income tax department?

Mr. RHODES: Yes, if they have an agency or place of business in Canada.

Mr. HANBURY: I would point out to the minister that practically every company doing business in Canada has an agency in some form. It may be a commission or a salaried agency, but they have agencies of some kind; otherwise it would be very un-

likely that any business would result. Just for a moment I am going to ask the minister to visualize every company shipping goods to Canada filing a return with the Canadian government, and the effect that will have on the interchange of business between Canada and other countries. I assume that if this legislation is not reciprocal at the present time it will be only a very short time until that situation results. I feel that it will be only a very short time until all producers in Canada will be filing returns with the various governments all over the world with which they have to do business. To me that is an impossible situation. I believe my opinion of this particular section would be that the cost of procuring the information and of administering the act would be much greater than the income that would be received, but even if that were not the fact I think the interference with international business that this will bring about will create an impression that we in Canada cannot afford to create at the present time.

I do not like to refer to the policies of the government; I realize that they have difficulty in procuring funds, but I do believe the government should very seriously consider or reconsider any suggestion that is going to interfere in any way with the exchange of our goods with the other nations of the world. We have enough difficulties to-day. I am not anxious to see goods kept out of Canada; I am much more anxious to see goods go from Canada. I look for reciprocal regulations on the part of other nations when we expect their nationals to file returns with the Canadian government and to pay taxes in Canada as well as in their own country. I believe the minister would do very well to reconsider this legislation before he puts it on our statute books.

Mr. RHODES: It is practically a truism that any form of taxation interferes with business; we can start from that promise. It seems to me the only consideration, apart from the necessity of revenue and of fair application of the tax, is to be found in the answer to the query as to whether a tax in itself is fair.

I do not agree with my hon. friend that this form of taxation will interfere with business any more than any other form of taxation. May I point out in the first place that the general principle of this taxation is found in practically every country. Furthermore the occasion which led us, in the first instance, to apply the five per cent tax was that we found foreign countries benefiting through their treasury receiving a portion of the revenue which properly should come to this country. It does not cost the individual company or taxpayer any more to pay five per cent in Canada than it would to pay that amount in some other country. As a result of our taxation of last year we have diverted to the Canadian treasury sums of money which hitherto have gone by way of taxation into the treasuries of foreign countries.

So far as interfering with foreign business is concerned, may I point out to my hon. friend that subsection (3) of section 14 provides:

> The governor in council shall have power to exempt from the operation of this section the income in whole or in part of residents of any country which enters into reciprocal agreement with Canada to exempt the income of residents of Canada earned in such country.

The very wording of that subsection will indicate to my hon. friend and the committee that we had in mind the desire not only not to interfere with but to make it convenient to expedite business transactions as between people in this country and people in foreign countries.

Mr. VENIOT: This is a revenue tax?

Mr. HANBURY: I had particularly noted the reciprocal provision in subsection (3) just mentioned by the Minister of Finance. The only interpretation I can place upon this clause is that it is a further attempt on the part of this government to deepen the channel by which they are going to direct business to certain countries and away from other countries. There can be no other interpretation placed upon it. We will enter into reciprocal agreements with those countries with which we wish to do business, but those countries with which we do not wish to do business we will make subject to this income tax. Evidently no consideration whatever has been given to the fact that foreign companies doing business in Canada and selling their products to consumers in Canada, if they are to pay a tax to the Canadian government, must and will add that tax to what the Canadian consumer must pay. I should like to ask the Minister of Finance also if he can tell this house of any precedent for this legislation.

Mr. RHODES: Mr. Chairman, the fears of my hon. friend are entirely unfounded. He will be surprised to know that this proposal did not emanate from the government at all; it emanated from the commissioner of income tax. Because of his experience, and because of his advice, which was accepted, the government, of course, is only too happy to sponsor this proposal. It has no reference

to trade at all; it is purely a question of taxation, and it recognizes a principle which we have recognized hitherto in our own statutes. With all due deference to my hon. friend I must say that I do not understand his apprehension either with respect to the question of trade or that of policy. Certainly when I first discussed this matter with the officials of the department that view was not present in my mind, but the action was taken solely with a view to making our taxation proposals uniform and fair and to bring into the treasury every dollar which could properly be brought in. It was done for those reasons, and those reasons alone.

Mr. HANBURY: I directed a question to the Minister of Finance which I believe he has answered in the negative. I asked him as to whether or not there was in any other country any precedent for this legislation?

Mr. RHODES: The commissioner of income tax informs me that this principle is found in the taxation of practically every country, and so far as it obtains with respect to the principle of double taxation it has been recognized through the fiscal committee of the League of Nations, and has been the subject of action by them.

Mr. HANBURY: I am glad to have the assurance from the Minister of Finance that the commissioner of income tax is the culprit in this particular case because I consider that this is culpable legislation. Under the circumstances I should be pleased if the minister would allow the section to stand.

Mr. RHODES: I have no objection to allowing it to stand, but I may say that the government will insist upon its passage. When I mentioned the commissioner of income tax I did not refer to him with the intention of evading any responsibility but merely for the purpose of disillusioning my hon. friend from the hallucination under which he seemed to be labouring, namely, that there was some dire purpose in this legislation. Otherwise I should not have mentioned the name of the commissioner of income tax. I assume full responsibility—and so does the government—and unless my hon. friend has some special purpose in asking that the section stand I would ask him not to insist. Of course, if he has reasons I will accede to his request without any hesitancy.

Mr. HANBURY: As I have not been disillusioned I should prefer to have the section stand.

Section stands.

Section 15 agreed to.

On section 16—Transfers to minors.

Mr. BOURASSA: May I ask the minister if the same principle he laid down with regard to the section dealing with what I may call disguised revenue will apply? In other words, shall this be made retroactive in the sense that the revenues derived heretofore on values transferred in the past will fall under this section?

Mr. RHODES: Of course my hon. friend is aware of the purpose of the section.

Mr. BOURASSA: Yes.

Mr. RHODES: It is to prevent evasion, but it will not be retroactive. It will apply only to those instances which happen after the passage of this legislation, in precisely the same manner as was the case in connection with section 10.

Mr. BOURASSA: That is, to transfers made after this is passed?

Mr. RHODES: Yes.

Section agreed to.

Sections 17, 18 and 19 agreed to.

Mr. HANBURY: You have not carried the title yet.

Progress reported.

MEAT AND CANNED FOODS ACT

The house resumed from Friday, February 23, consideration in committee of Bill No. 6, to amend the Meat and Canned Foods Act—Mr. Duranleau—Mr. Smith (Cumberland) in the chair.

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): Mr. Chairman, when the committee rose on February 23, we were discussing the question as to whether or not power should be given to constables or fishery inspectors or customs officers not only to seize wrongly or incorrectly labelled canned fish, but also to confiscate them with a right of appeal to the minister in favour of the party aggrieved. Strong objections were made against the provision giving a power of confiscation to the officers and in the light of the discussion a new clause has been drafted to cover the points at issue. I believe the amendment is satisfactory to those hon. members who objected. I shall ask one of my colleagues to move it.

Mr. GUTHRIE: Move it yourself.

Mr. DURANLEAU: The section as amended would read as follows:

27. Any can of fish or shell fish that bears any false or misleading mark or that is

incorrectly labelled or marked and not labelled or marked in accordance with this act, or with the regulations made thereunder, may be seized by an inspector or by any customs, excise or police officer, or by any constable, and shall be confiscated to His Majesty by any two justices of the peace, or by any magistrate having the power of two justices of the peace, if it is found that the label or marking is intended or calculated to deceive.

In other words, we are taking away from the officers the right or power to confiscate, and giving it to two justices of the peace or a magistrate having the powers of two justices of the peace. I move that section 1 in the bill be amended by deleting section 27 appearing therein, and substituting therefor the words I have indicated.

Mr. NEILL: I think the purpose of the amendment is quite right but I would point out that the minister has left out the first three lines of the section. If you are going to delete the whole section, and not merely amend it, you will have to put in the first three lines beginning with "Section twenty-seven," or if you are just going to amend it, the amendment will begin with "27."

Mr. DURANLEAU: Yes, starting from the number "27."

Mr. BOUCHARD: Would the minister inform the committee how many prosecutions have been taken in the past under this law. Were there many causes of complaint?

Mr. DURANLEAU: I think there were some prosecutions, but the law as it now exists is not stringent enough. As my hon. friend knows, there are many kinds of salmon fish. There are, for instance, six species of salmon: sockeyes, red, pink and white springs; cohoes; steelhead; pink, and chum, and some of these species are worth two or three times as much as others, as my hon. friend from Comox-Alberni is well aware. Hence the temptation to label inferior quality goods wrongly. We think that this legislation is absolutely necessary. Up to date we have been able to control canned fish retailed on the market in Canada, but we could not do anything with regard to exported goods, and by this legislation we are seeking to prevent the export of falsely labelled canned fish. I think that is in the best interests of our market abroad.

Mr. BOUCHARD: Are there any special police officers to enforce this legislation?

Mr. DURANLEAU: No, our fishery officers.

Mr. VENIOT: The latter part of this amendment reads:

—confiscated to His Majesty by any two justices of the peace or by any magistrate having the powers of two justices of the peace if it is found that the label or marking is intended or calculated to deceive.

How are you going to prove the intention? I have no objection to the words "calculated to deceive."

Mr. GUTHRIE: That expression occurs in many sections of our criminal code. The justices will have to be convinced there is the intent and that the label is capable of deception.

Mr. DURANLEAU: And the intent is derived from the facts, and it is for the justices to decide.

Mr. VENIOT: I observe by the explanatory note that you can prevent the retail selling of canned lobsters, for instance, but what about wholesale selling under this bill? If a case of canned lobsters is sold wrongly labelled will that be considered wholesale or retail?

Mr. DURANLEAU: This enactment will cover both.

Mr. VENIOT: Not according to the explanatory note.

Mr. DURANLEAU: At the present time the law provides protection against the retail selling of falsely labelled canned goods, and this enactment is to prevent also the wholesale selling and the export of falsely labelled canned goods.

Mr. VENIOT: It will prevent both?

Mr. DURANLEAU: Yes.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

ROYAL CANADIAN MOUNTED POLICE

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 95, to amend the Royal Canadian Mounted Police Act.

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

On section 1—Part IV added.

Mr. GUTHRIE: I might offer a word in explanation of this bill, Mr. Chairman. To sum it up, it is to permit constables of the Royal Canadian Mounted Police to make

provision for their widows and children solely out of contributions made by them. This will be part 4 of the Mounted Police Act. Part 3 provides that a constable after a certain service shall receive a pension for himself. Part 2 provides that officers shall receive pensions and that on their death their widows and children shall receive one-half the amount that the officers would have been entitled to. But we have no provision whatever in our law with respect to the widows and children of constables, and the proposal is that constables be permitted to create a fund under the control of the government, and that out of that fund pensions be paid to the widows and children in accordance with the table set out in this bill.

The whole amount is contributed by the men themselves. These tables have been prepared by actuaries in the Department of Insurance, and by the officials of the treasury, and the proposal has been reported as actuarially sound and as being able to carry itself. But there is an express provision in the bill that no moneys shall be paid out of the public funds of Canada in respect of this measure. The fund must carry itself.

Mr. REID: While my question does not come under this bill probably, it comes under the minister's department. I would ask if it is the policy of the department to pay special officers as well as to allow them to receive moieties of fines? Where an officer is told by his commanding officer to look after the Excise Act, does he receive pay as well as part of the moities?

Mr. GUTHRIE: The officers do not receive the moieties, they go into a trust fund.

Mr. REID: I should like to draw the attention of the minister to a practice which has occurred, I understand more than once in British Columbia. This particular case happened in May. Two officers of the force first sold a man some liquor and then laid an information against him. They were severely reprimanded by the magistrate who called it conspiracy of a most diabolical nature. That may be rather strong language but I think such a practice should be discontinued. We have cases where under cover men are sent out to endeavour to purchase drinks but in this case the officers deliberately tried to sell liquor to a man and laid an information. This incident occurred at Richmond in May of this year, and I think such practices should be stopped.

[Mr. Guthrie.]

Mr. GUTHRIE: The members of the police would receive no part of that fine if an award was made, that would go into the trust fund. I will report the remarks of my hon. friend to the commissioner for his consideration.

Section agreed to.

Section 77 agreed to.

On section 78—Minimum contribution.

Mr. VENIOT: Do the patrol boats come under the Department of Justice or the Department of National Revenue?

Mr. GUTHRIE: The patrol boats in the preventive service come under the mounted police.

Mr. VENIOT: This may be a little out of order but I ask the committee to excuse me while I draw the attention of the minister to something which I think should be remedied immediately. On the eleventh of this month a foreign vessel came into the harbour of Shippigan and called for a pilot. There are two licensed pilots at that port, one of which has a boat and the other has not. The pilot owning a boat made for the steamer to pilot her to the wharf but the patrol boat Vigil came in and took the other pilot who had no boat out to this steamer. I do not think our patrol boats should be used for this purpose. I am giving the name of the boat so the minister can look into the matter and prevent this occurring in the future. It is not fair that boats in the government service should be used for the accommodation of pilots or private individuals.

Mr. GUTHRIE: I shall have an inquiry made into the incident and when I receive a report I will submit it to my hon. friend.

Mr. BOUCHARD: Is there any provision whereby a man dismissed from the service will have his contribution confiscated?

Mr. GUTHRIE: There is a general provision in the Royal Canadian Mounted Police Act under which when a man is dismissed for misconduct or wrongdoing he loses what he has paid in. If he is relieved for sickness or anything of that kind he gets his money back.

Section agreed to.

Section 79 to 85 inclusive agreed to.

On section 86—Payments to and from consolidated fund.

Mr. GUTHRIE: There is a misprint in line 39 which should be corrected. The word

"may" should be added after the word "made." This clause would then read, "and investments so made may from time to time be sold."

Mr. REID: Is there any provision to take care of a man who may be taken into the force from a provincial force?

Mr. GUTHRIE: Under the agreements with the provincial governments there is a provision to cover that.

Sir EUGENE FISET: Is the time served with the provincial government counted towards the pension of a man absorbed into the new forces?

Mr. GUTHRIE: It is, but he would have to make an adjustment in cash.

Mr. LUCAS: I understand that the pensions received by constables or their dependents come entirely from contributions made by the constables themselves, the state not contributing anything. I should like to know why these constables are placed in a different position to the ordinary civil servants, in connection with whom the state makes a contribution?

Mr. GUTHRIE: I do not know that I can answer that question. This scheme was worked out by the members of the force themselves as a self-supporting fund. I could not state why any distinction is made.

Mr. VENIOT: Does not this affect only the dependents?

Mr. GUTHRIE: This affects only the dependents.

Mr. VENIOT: The hon. member was talking about the constables.

Mr. GUTHRIE: In the case of a civil servant, the dependent receives one-half.

Section agreed to.

Sections 87 to 90 inclusive agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

FOOD AND DRUGS ACT AMENDMENT

The house resumed from Tuesday, May 3, consideration in committee of Bill No. 70, to amend the Food and Drugs Act.

On section 1—Regulations by governor in council.

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): Mr. Chairman, while there has been considerable discussion on this bill and especially in connection with the second amendment, the first amendment has not yet been considered. It is for the committee to decide whether we shall continue with the second amendment first or take them in order.

Probably it is well to begin with section 1 in the regular order. This amendment makes provision for regulation by order in council to add to or take from those names that appear in schedule A, the number of diseases or symptoms of diseases, and to add to or take from the list of remedies—material it is called there—of various kinds found in the act, such as sera, remedies of a poisonous nature, and so forth. The object of the amendment is to give flexibility to the administration of the act. No doubt from time to time increase in scientific knowledge renders changes desirable, and this amendment empowers the minister to recommend changes in consequence of such developing knowledge.

Mr. CHEVRIER: When this bill was introduced the minister explained that the object was to bring the Food and Drugs Act into conformity with what is usually called the P.P.M. Act, that is to say, the Proprietary or Patent Medicine Act. I have no quarrel with that purpose; indeed, the last time the committee sat I intimated that I agreed with that principle. But I made certain observations that I am now going to repeat, with all deference to the minister, for whom I have the kindliest feeling, and whom I must thank for the courtesy he has shown me in allowing me to discuss the matter with his very efficient officials. To my mind this is not the proper way to proceed at all. The Food and Drugs Act is a very important piece of legislation, and so is the Proprietary or Patent Medicine Act. We have passed may important measures this session, but this act relates to national health, and I submit that we ought to give this whole matter all the consideration to which it is entitled; not that I wish to imply that the minister and his officials have not given it proper consideration, but in this committee it should receive greater attention than the procedure which we are about to adopt contemplates.

In order to bring this act into conformity with the Proprietary or Patent Medicine Act, I suggest that the latter act in its entirety should be revamped. It has not been touched for many years, and the procedure now proposed will not bring the Food and Drugs Act into conformity with the Proprietary or Patent Medicine Act, because in that act there do not appear any dispositions similar

to those which it is sought in this amendment to introduce into the Food and Drugs Act.

National health is of course of very great importance, and I wish to discuss certain phases of this bill. In the first place, section 1 provides that subsection 1 of section 3 of the Food and Drugs Act shall be amended by:

adding to or removing from the list contained in schedule A hereto such abnormal physical states....

First of all, I would point out that there is no place where I or anyone else can go to determine what an abnormal physical state is; that is something that is purely in the estimation either of the minister or of his officials. There is no definition either in the Proprietary or Patent Medicine Act or in the Food and Drugs Act of what constitutes an abnormal physical state. And further by:

—adding to or removing from schedule B hereto such material—

Now, "schedule B hereto" contains no "material;" it is only the nomenclature or description of the abnormal physical states. The hon. member for St. Boniface hands me a schedule from the Proprietary or Patent Medicine Act, and in that act there is no schedule B. The section reads:

Subsection 1 of section 3 of the Food and Drugs Act, chapter 76 of the Revised Statutes of Canada, 1927, is amended by adding thereto the following paragraph immediately after paragraph (h) thereof.

The Proprietary or Patent Medicine Act is not chapter 76 of the revised statutes, and in the Food and Drugs Act there is no schedule wherein "material" is defined. In that respect therefore the section is badly drawn. In the second place, there is nothing that defines material. "Such material;" what material? What is material? That ought to be defined somewhere. It is "such material, as may be deemed by the minister to be necessary in the public interest."

I submit with all deference and kindliness that this is going much too far. It is indeed going much too far. I understand it is a matter of national health, and with the general principle of the bill I have no quarrel, but I think we are going much too far afield by giving power to the minister whereby at any time he may remove from or add to or otherwise deal with the schedule listing these abnormal physical states. Surely if an abnormal physical state develops in a certain locality it does not demand immediate medical intervention, it is not a state of war, it does not necessitate that the cabinet sit at once and deal with it, it does not require that the minister should at once add to or subtract from the list. This proposal means disruption of the whole pharmaceutical trade. People have been in the habit of dealing with certain medical products, and all at once that is to be stopped, with no provision here, although there may be something in a corner of the Proprietary or Patent Medicine Act to say upon what terms it may be done and what kind of notice will be given or to what interests and what rights will be safeguarded. Suppose the minister finds another abnormal physical state and lists it in this schedule and then prohibits the sale of certain medicines which may be sold to-day for all abnormal physical states not mentioned in the schedule. Then the whole thing is topsy-turvy. So I submit that so far as that is concerned the amendment goes much too far and that that section should not be concurred in.

Mr. MacLAREN: To which one does the hon. member refer?

Mr. CHEVRIER: I refer to section 1 of the amendment. If the minister wants to insist upon certain things to make this act conform with the other, surely he is going much too far in asking for that power. Not that I fear that he will not administer it in the public interest, but that it will be creating untold hardship for those who deal in these products. To put it clearly, if the schedule goes through as it is—and I hope it will not, because I shall submit certain amendments, and the minister should decide that cancer—to take an extreme case—should come out of the schedule, immediately that would disturb the trade. Suppose the minister should say that grippe should be included in that schedule, there is no notice given to anybody, then all those who have prepared specifics for that ailment immediately fall under the law. The minister, I think quite properly, has given notice that this bill shall not come into force until January 1 of next year. In all kindliness let me say that there is no great rush to put this measure through; why not let it stand until the next session of parliament, and in the meantime notify those interests which may be affected to make representations if they desire? If the minister does that I believe he will get much better legislation than if he tries to put this bill through now, because as I see it there is not one particle of all this that will bring this Food and Drugs Act into conformity with the Proprietary or Patent Medicine Act. Even if it did I submit it is wrong in practice because the Proprietary or Patent Medicine Act should be revamped from top to bottom.

Mr. MacLAREN: I think the hon. member for Ottawa is unduly exercised in this matter. I do not think his many objections rest on very substantial grounds. There has been no hurry about putting this bill through the committee. It is, I think, four weeks since it was first brought forward, therefore hon. members have had opportunity to read and discuss it, which they have done. Many have taken that opportunity with myself. It has been brought particularly to the notice of those members who are of the medical profession, and one of the pharmaceutical societies. So in fact these amendments have been before the house for a considerable period. Judging from the letters that have reached me the general public is pretty well informed on the matter. I see that there has been some little confusion in the mind of the hon. senior member for Ottawa. For instance the Food and Drugs Act and the Proprietary or Patent Medicine Act are entirely distinct. Some of the remarks the hon. member has made apply to the Proprietary and Patent Medicine Act but do not apply to the bill now before the committee. In his reference, my hon. friend is applying schedule B to schedule A, which of course, has nothing to do with it.

Mr. CHEVRIER: That is what I say, it is wrongly worded.

Mr. MacLAREN: Excuse me, if my hon. friend will read that small two page amendment he may see something there that will help:

> The said act is further amended by adding the following schedule thereto as schedule A and by substituting the heading "Schedule B" for the heading "Schedule" in the schedule to the act as it now stands:

As a matter of fact, in printing the Food and Drugs Act some few years ago there was only one schedule, therefore it was not necessary to specify or distinguish one from another. There is a schedule now in the act and under the amendment it is proposed to call it schedule B. My hon. friend is quite correct in saying that in schedule A there is nothing in reference to material. But that is not what we are speaking about; in schedule A we are speaking of these conditions and pathological states, and then schedule B comes with a list of material. I think my hon. friend will admit that there was a little oversight.

As regards conformity, I do not want to stress it too much. The amendment is an endeavour to advance health measures in the country. It has in view the protection of the public so that an individual who happens to be diseased shall not depend on some so-called remedy that he should not depend on. There is a considerable degree of conformity or uniformity that would be obtained in the event of the amendment passing. It does this; it inserts a similar list of diseases and conditions in the two acts.

Mr. CHEVRIER: Will the minister point out where those diseases appear in the Proprietary or Patent Medicine Act?

Mr. MacLAREN: I do not have it here.

Mr. CHEVRIER: Neither have I.

Mr. MacLAREN: You have it there under another act; it is identical in the two acts. Under the Patent Medicine Act the list of those diseases and conditions is established by order in council.

Mr. CHEVRIER: But where is it in the Proprietary or Patent Medicine Act?

Mr. MacLAREN: It is established by order in council under the act, and I say the list is identical with the list my hon. friend has before him under the other act. I can produce the order in council if necessary.

Mr. CHEVRIER: That is no good to me. It may be in the order in council, but no one has the opportunity of looking up all orders in council, and that is what I object to. Under the Proprietary or Patent Medicine Act there may be a whole series of orders in council, rules and regulations hidden in some corner. There may be efficiency in the department, and I know there is, but there is no uniformity. That is why I plead with the minister to bring forth an act which will enable us to find what we want. The minister knows that any time anything is required you must go down to the department, where you are shown a typewritten list of new rules and regulations, which are not published. Very few people have the opportunity of seeing those rules. If those twenty odd diseases and abnormal physical conditions listed in the schedule had been put in the act, everyone would have known about it, but now no one knows where to look.

Mr. MacLAREN: My officials state that under the patent medicine act those diseases are enumerated by departmental regulation. I said that was done by order in council. However, whether it is done by order in council or by the minister—

Mr. CHEVRIER: We do not know where to find them.

Mr. MacLAREN: My hon. friend could have asked for them. I will see that he gets copies by the first mail.

Mr. CHEVRIER: I was told that this was to make one act conform with the other, but it does not.

Mr. MacLAREN: My hon. friend will have all the information he wishes.

Mr. CHEVRIER: After the act is passed.

Mr. MacLAREN: Yes, but very soon after. It is not proper to describe this as a hole in the corner business at all. If there is one thing necessary with regard to public health it is publicity. We are trying to do something in the proper way; our object is to inform the people, and there is no hole in the corner business about it at all. Now, coming back to this point, I say there is a considerable degree of conformity brought about by this amendment, by adopting the same list of diseases and conditions that now exists under the Proprietary or Patent Medicine Act. That is a material gain. What is the reason for all this? It has been found that in some cases when the manufacturer or seller of a patent medicine has been stopped from selling it under the one act he has proceeded to sell it under the other, and we wish to have the same list apply to both acts so that we may have uniform administration. Especially I wish to direct attention to the fact that the amendment explains this situation. When my hon. friend refers to material it does not refer to diseases but to actual remedies which are enumerated there.

Mr. HOWDEN: I do not see any great cause for confusion in this legislation. The minister has told us that the Proprietary or Patent Medicine Act forbids the sale of drugs or remedies having to do with certain diseases, and that certain individuals have been avoiding that law by purchasing or selling these articles under the Food and Drugs Act. I think the Proprietary or Patent Medicine Act is absolutely correct in forbidding the sale of stated remedies under label for the alleviation and cure of a great many, in fact most, of the diseased conditions that we find in schedule A, which is a new schedule being inserted into the Food and Drugs Act. On the other hand I do feel that to forbid individuals to purchase certain remedies for more or less trivial conditions is rather an arbitrary stand to take.

Mr. MacLAREN: What are the trivial conditions?

[Mr. Chevrier.]

Mr. HOWDEN: If the minister will just give me a moment I will run over the list. On the other hand, after looking over this list I find that there is no danger in the world of people seeking to buy remedies, or of others attempting to sell them, for a great many of the conditions set out in this list. There are one or two conditions with which I must confess, though with some hesitation, the regular practice of medicine has had seemingly but slight success, and for which various patent remedies—call them quacks if you like—seem to have been able to afford the relief we have not been able to bring about. I would mention first epilepsy, to which I propose to refer at a little greater length in a moment.

Now let us look over this list of diseases for which no one is permitted to import, manufacture, offer for sale, advertise by any means whatever or sell any remedy which is supposed to relieve or cure the conditions enumerated; let us consider the conditions one by one, starting with alcoholism. The only danger to an individual seeking relief from alcoholism by remedies that might be prescribed by a druggist, who is the only individual who would prescribe remedies, is that he might get rather too heavy a dose of one of the hypnotics. There is an extremely remote danger that he might get a sufficiently heavy dose to put him out, but the danger is very slight. Ordinarily speaking, the remedies the druggist would sell for the relief of alcoholism would cause no great danger. They would not do very much good, nor would they do much harm, so that the person buying the remedy would be no farther ahead and he would be out only the price of the remedy.

We now come to appendicitis. When a person has an honest to goodness attack of appendicitis he does not monkey with it. He is genuinely sick, and of that fact there can be no doubt in the world. He is not going to run to a drug store when the pain in his side is causing him such agony that he can scarcely bear it, and under those circumstances he will not be asking for a cure from a druggist. If the person affected knows he has appendicitis he is certainly not going to bother with a drug store and, believe me, if the druggist knows it is appendicitis he will not offer any relief. He will chase that person to the best doctor to be found, and will have him go as fast as possible. So, as far as appendicitis is concerned this measure is ineffective, and it is all bunkum to assume that anybody suffering from appendicitis will take a chance with patent remedies or common salts.

Then we come to arteriosclerosis. Well, just how a druggist or a layman is going to know when a person is suffering from arteriosclerosis I cannot guess. It takes a pretty fair doctor to diagnose this disease, which is commonly known as hardening of the arteries. I should not think there would be a great deal of danger of anybody running to a drug store or to anybody else and saying, "here, sell me something to cure my arteriosclerosis." In that respect the legislation is a joke.

Now we come to blood poisoning. Well, I grant you that the laity, the people generally, have the idea that every little infected wound they may have on their hands or their toes, together with a few streaks running up their arms or legs, constitute blood poisoning. But that is not so. Those conditions are called lymphangitis, or inflammation of the lymph channels, and if very much aggravated or neglected that condition might possibly lead to blood poisoning. But blood poisoning is a condition in which there are live, active, microbe organisms in the blood. For that reason it is a severe and serious disease, and when a person is suffering from it he shakes and shivers in his bed sufficiently to rattle the windows in the bedroom. A person suffering in that way is not going to go to a druggist and ask for relief. That also is a joke; there is no question about it. If a person is suffering from blood poisoning he will employ all the doctors he can afford in order to see what chance he has to live.

The next disease mentioned is Bright's disease. About two-thirds of us have Bright's disease after we reach the age of forty or fifty years. Of course, we may have it in lesser degrees, but if it appears in severe or aggravated form the less medicine that is taken the better, and when a person has a serious attack he does not bother with a druggist. He is panting for life and for breath, and he will call a doctor. The only remedy I can imagine a druggist would dare sell a person suffering from Bright's disease would be Epsom salts, or something like that, and if they did not do him any good they would do no harm. For those reasons I cannot see that this bill can have much effect so far as Bright's disease is concerned.

Then we come to cancer, and at this point we must pause to consider. A person may have a little sore on the corner of his mouth which has been neglected and which may develop into a cancer. The sore may appear at the corner of his eye or he may have had a sudden difficulty with his digestion. All these conditions might come out of a perfectly clear sky. Then, a woman may develop a sore on a nipple, a breast or other places. There is no danger of her going to a druggist. She may go to a quack doctor and have an arsenic plaster put on, or something of that kind. But there would be no danger of her going to a druggist and asking for relief for cancer. It is my implicit belief that if a person knows he has cancer he will not go to a druggist and ask for a remedy but will consult the best doctor he can find or can afford to employ and receive the best advice he can pay for. I believe a druggist would not have the nerve to sell a remedy for cancer. He could not possibly do so.

Now we come to diabetes. It is not difficult to tell when one is suffering from diabetes. We are not giving a medical clinic and we shall not discuss this disease at length, but I cannot imagine anyone with honest-to-goodness diabetes tampering with his welfare to the extent of going to a drug store for relief. Then, in these days we have the Banting remedy of insulin, and for that reason diabetes is viewed from an entirely different standpoint. There was a time when this disease was considered beyond help, and in drug stores here and there and all over all sorts of patent remedies were sold to effect cures. But because of the scientific advances made in connection with this disease, and the discovery by Sir Frederick Banting, that condition has been stopped. For those reasons diabetes may be scratched off the list.

Now we come to diphtheria—and in this instance we have a case no one should monkey with. Here is a time when no one should monkey with a druggist. This is one disease which could be left on the list, and we could call it diphtheria, sore throat or whatever you like. Just as soon as a child has a real honest-to-goodness sore throat, get a doctor. Call a sore throat diphtheria, and get a doctor, and we would have less deaths. I would say we could include ordinary sore throats, and prevent druggists from selling remedies for infectious sore throats, whether they be diphtheria, tonsilitis, scarlet fever, Ludwig's angina, or anything of the kind.

Now we come to dropsy. Dropsy is a symptom, not a disease and occurs in connection with Bright's disease, heart disease, liver disease and all sorts of diseases in which the limbs, and preeminently the legs, swell up to a point where, by pressure from a finger, pits may be formed. Here, again, if a druggist had the hardiness to prescribe for dropsy, and decided to prescribe Epsom salts which he

likely would do, he would probably be suggesting about as good a remedy as he could in any case.

And now we come to the next important one, namely epilepsy. I said a little while ago that unfortunately the medical profession has had no success with epilepsy. We have prescribed all sorts of medicines. We have performed counter depressions on the brain and taken out a piece of the skull. We have done all sorts of things. Here and there we have effected a cure, and here and there our efforts have been fruitless. But there are individuals, quacks if you like—and I do not call them that disrespectfully, because I believe in rendering unto Caesar the things that are Caesar's—who have evidently found means to relieve epilepsy. As a medical man with thirty years' experience I believe in letting people get relief or cures where they can get them. If a doctor cannot give it to them, let them go where they can get it. That is my policy. It might be worth the while of this committee to listen to a letter or two that I have. I have half a dozen, but I shall not read them all. This one is an appeal to the Right Hon. W. L. Mackenzie King, and it says:

Dear Sir,—

It was brought to my notice that a new Canadian law has been proposed, which will make it impossible for a person to obtain treatment for epilepsy attacks except through a physician. I refer to the bill sponsored by the Hon. Dr. Murray MacLaren, Minister of Pensions and National Health. Now I myself have suffered from epilepsy since 1923. I tried the home doctor and others, spending hundreds of dollars in vain. Then I used the treatment from the Western Medical Corporation of Chicago—

I do not know anything about them personally:

Now I am feeling fine. If this new law comes into force I understand I cannot buy medicines from any concern either in the United States or in Canada. This would mean that I cannot get my medicine and would probably mean worse than death to me, as epilepsy works on the brain.

That is true, Epilepsy developing in early years usually leaves a fumbling, feeble brain after the child grows up, and the longer you have epilepsy the foolisher you get.

Mr. MacLAREN: That is a circular letter is it not? I think I see one or two in other hands.

Mr. HOWDEN: I have four letters under individual signatures from four different individuals.

Mr. MacLAREN: I have that same letter here.

[Mr. Howden.]

Mr. HOWDEN: It is true that a circular letter has been sent from some firm.

Mr. STEVENS: The one my hon. friend has just read is a circular letter. I remember getting one with the same wording.

Mr. HOWDEN: I shall be happy to hand it over to the Minister of Trade and Commerce and read another. Hon. gentlemen around me tell me they have all got these letters. I hope they are not all the same.

Mr. MacLAREN: Will the hon. member read that letter himself? I think he can read it better than I can, and I have so much to read on the subject already.

Mr. HOWDEN: It was to the Minister of Trade and Commerce that I sent the letter so that he could look at it and see if it was a circular letter. Here is another letter addressed to Mr. Olof Hanson. It reads:

Dear Sir,—

I am writing about the new law which has been proposed to make it impossible,—

They do not sound the same:

—for anyone to buy medicine for epilepsy attacks either in United States or Canada except through a physician.

I take epilepsy attacks myself, and I have been to the best of doctors as far east as Winnipeg, Manitoba, and never had one doctor that could help me in any way. Dr. James in the United States is the only man that could put out a prescription that would stop my attacks, and if I do not get my medicine in a short time I'll be unable to work. Then what will happen to my wife and family, as I'm a married man? The medicine I get from Doctor James is not a patent medicine. It is a prescription from the doctor himself.

I am asking, Mr. Chairman, that the disease epilepsy be removed from this list. I have two other letters here, and gentlemen behind me and to my left say that they have other letters. I want to say this and I say it in all sincerity, that I have myself endeavoured to the best of my ability to cure epilepsy, and in one or two cases in about twenty I met with success. In one or two cases it cleared up. I have known it to clear up without any medicine at all. For God's sake if people have their lives ruined and racked by this disease of epilepsy—the minister may laugh if he likes, but it is no laughing matter—

Mr. MacLAREN: Does the hon. member say I was laughing? I was not.

Mr. HOWDEN: I was referring to the Minister of Justice.

Mr. GUTHRIE: I was laughing at the breach of decorum in this house.

Mr. HOWDEN: I have heard of more serious breaches of decorum than that. I am sincere in what I say, and I say in the name of heaven—

Mr. GUTHRIE: That is better.

Mr. HOWDEN: —if people are suffering from epilepsy and can get no relief except through taking medicine or going to quack doctors, let them get it that way. We have no business to deny them relief from this worse than dread malady, and so far we have not been able to give them the relief which they crave. So I suggest, Mr. Chairman, that epilepsy be struck off the list, and that these sufferers be allowed to get their medicine where they can so long as they can get relief.

Now as to erysipelas. Erysipelas is something that should not be tampered or fooled with, but I think there is little danger of one suffering from erysipelas losing much valuable time because it spreads so rapidly and the individual becomes so prostrated with illness in a short time that he will not temporize very long with tomfool measures; he will call in a physician on his own account. There is no need to put that disease on the list.

I do not know what to say about gall-stones, kidney stones and bladder stones. No one is likely to go to a druggist and ask for relief from these troubles, or if he did the druggist might take it upon himself to prescribe an opiate, and very likely that is the only thing he would prescribe. But if he has honest to goodness attacks of gall stones, he does not know himself what it is until he sees a doctor—how does anybody know, unless he has consulted a medical man, whether he has a gall stone, a kidney stone, or a stone in the bladder? If he does not know what he has, it is not very likely that he is going to ask someone other than a medical man for relief from this condition. I do not see the force of putting those diseases on the list because certainly a person with an attack of gall stone, colic or real colic is not going to temporize with drugs. He will be yelling his head off until the doctor comes along with a hypodermic syringe and gives him some relief.

As to gangrene, a part that becomes gangrenous is intensely painful. It becomes very red at first, then blue, then black. It is usually terrifying enough in its phenomena to drive any person to call in a doctor if there is a doctor to be had. If any person knows he has gangrene he will not seek patent remedies or any light measures to relieve him. There is no question in the world but that he will by some means or other obtain the advice and assistance of a medical man.

As to gastric and duodenal ulcers, people who are suffering from these would often be safer to stay away from the doctor, because it is not always certainly known when a person has a gastric or duodenal ulcer, and it is not always certain what is the best treatment. The only symptons would be a very aggravated form of dyspepsia. I suppose anybody with a very aggravated form of dyspepsia might go to a druggist, and if he asked for something for a gastric or duodenal ulcer the druggist might give him a little sodium and bismuth, which would certainly do no harm. But sooner or later he finds his way to a medical man. When he does so he may get a diagnosis or he may receive the relief which he desires. I cannot see any real reason why this should be allowed to remain on the list, except that if a person goes to a druggist or a chemist for a remedy for gastric or duodenal ulcers, the chemist should be forced to send him to a medical man. The same thing applies all down the list.

In the case of goitre, a druggist may take it upon himself to prescribe iodine of potash, or he might prescribe iodine in some form. He may suggest that the goitre be painted with iodine, but that would not do the patient very much good. Iodine of potash might relieve the patient but I cannot see much danger in allowing this disease to remain on the list. If the patient has an aggravated goitre which upsets his nervous system or if his breath is shut off he will soon call in a doctor. Until that time arrives there is no great danger.

Many people have heart disease without knowing it. When the time comes that they realize they have it, there is no question about the matter. They are not going to temporize with either a quack or a druggist, they are going to see a medical man in an effort to get the needed relief.

The next is high blood pressure. The point in connection with the entire list is: How is an individual to know he has got blood pressure without consulting a medical man? How is he to know that he has infantile paralysis without consulting a medical man? How is he to know he has lockjaw? By the time he has lockjaw he will surely know it, and a medical man will not be of much use to him. In the case of locomotor ataxia there is no danger, but there may be some in the case of obesity. An individual may temporize with a lot of drugs which would do him no good. The next are pleurisy, pneumonia, ruptures and scarlet fever. I do not see a great deal of danger in any of those but scarlet fever. The average individual

becomes so sick with scarlet fever that he seeks a medical man. There are a few cases which are so mild that they are not detected and there is great danger of the spreading of the infection. If such a case is not sufficiently severe to make itself known to the individual or to his family, it is not very likely that a druggist would notice his condition. In such a case an individual is not going to go to a druggist or a quack and ask for a remedy for scarlet fever. In the case of severe scarlet fever there will be no temporizing, the individual will call in a medical man.

There is no danger with spinal meningitis, but there is some in connection with trachoma. Trachoma is chronic granulated eyelids and there is danger not only to the individual's eyesight but through the spreading of the disease to anyone who might use the same towel or wash-cloth. Tuberculosis, tumors, typhoid fever—I do not see much danger in connection with any of those. In connection with venereal disease there is a great deal of danger. While it is not very often that an individual will apply to a druggist for the relief of this disease, this is one disease which should be left on the list. It should be underlined with a heavy line. Any druggist who takes it upon himself to prescribe for venereal trouble should be severely punished. Venereal disease is one of the conditions which is undermining the health of the nation and it should receive more attention than it is receiving from the Department of Pensions and National Health.

Sir EUGENE FISET: That is why they cut off the grant.

Mr. HOWDEN: I suppose so. This legislation if adopted will create a definite and decided hardship to a class of invalids whom the doctors have been unable to assist, a class of invalids who have been able to get relief by other means, a class of invalids to whom this parliament or anybody else has not the right to deny relief so long as they can find it. For these reasons I appeal to the minister to have epilepsy taken off the list. The class of remedies sold to these people may do them no good, but they do them no harm. We medical men cannot do them any good and for this reason I think epilepsy should be left off the list.

I have nothing but endorsation for the provision that the minister shall have the authority to add to or remove from schedule B such material as he may assume to be necessary in the public interests. The schedule reads:

[Mr. Howden.]

Preparations of strophanthus, digitalis, ergot and any other vegetable preparations for which biological tests are deemed necessary.

That responsibility might well be placed in the hands of the minister. The schedule continues:

Preparations of pituitrin, thyroid, adrenalin and any other animal tissue preparations.

There is not much danger that any individual is going to submit to a hypodermic injection of something about which he knows nothing. I do not intend to read the balance, but I see no reason why the minister should not have entire control. The absurd part of the bill is this long list of disease conditions in connection with which people are not to be allowed to apply to other than medical men for relief. I do not consider that there is any danger but that ninety-nine per cent of the people suffering from these diseases will appeal to medical men for relief.

Mr. MacLAREN: Apparently all the different sections of the bill are being discussed and in order to clear the situation I should like to place before the committee an amendment which I propose to move to section 2.

The CHAIRMAN (Mr. Stirling): Is the amendment to section 1?

Mr. MacLAREN: To section 2.

Sir EUGENE FISET: I think we are all mixed up. The minister is proposing an amendment to section 2 but we have not yet dealt with section 1.

Mr. MacLAREN: That is quite correct, but we are not dealing with section 1.

The CHAIRMAN (Mr. Stirling): Section 1 is before the committee.

Mr. MacLAREN: I did not want this discussion to continue on the whole bill until the committee had before it this amendment.

Sir EUGENE FISET: Why does not the minister read the amendment himself and then propose it when we reach the section?

Mr. HOWDEN: I was discussing the bill at large, making a comparison between the two bills. I was discussing the reason this legislation had been brought into the house and was basing my remarks not on any particular section but on the whole intent of the bill.

Mr. MacLAREN: Perhaps I had better read the amendment which I shall propose later on:

6a. No person or company shall import, offer for sale or sell any remedy represented by label or by advertisement—

Those are the two points—by label or by advertisement.

—to the general public as a treatment for any of the diseases, disorders or abnormal physical states named or included in schedule A to this act or in any amendment to such schedule.

That does not exclude the importation of any drugs intended for sale to physicions, nor does it prohibit the advertising of any of these remedies for physicians.

Mr. VENIOT: Does it prevent the sale of these drugs by drug stores?

Mr. MacLAREN: I cannot reply comprehensively, yes or no. Drug stores can sell these remedies to physicians or physicians can prescribe them through a druggist.

Mr. VENIOT: Suppose I have been treated in the past by a physician who has informed me that a particular medicine will do me good. I go and ask a druggist to sell me that medicine, without telling him precisely what I want it for. Is the druggist permitted to sell it? I am interested in this matter, personally interested, because I am interested in the drug business, and I want to know whether I am violating the law or not. The largest drug store in northern New Brunswick is under the jurisdiction of my son, who is a medical doctor, and of his brother, who is a pharmacist.

Mr. MacLAREN: You are a doctor yourself.

Mr. VENIOT: Not a medical doctor; I cannot give a prescription. I want to know, in the interest of the business, whether we are violating the law or not.

Mr. MacLAREN: Whether you are violating the law if this bill is passed?

Mr. VENIOT: Yes.

Mr. MacLAREN: Under this proposed amendment these remedies can either be manufactured in Canada or they can be imported from abroad.

Mr. VENIOT: By a druggist?

Mr. MacLAREN: By anyone. The point in regard to labelling is an important one. One of the essential points is the labelling or the advertising of a remedy as a remedy.

Mr. VENIOT: For a specific disease?

Mr. MacLAREN: Yes. These remedies can be admitted into Canada or they can be manufactured in this country and can be sold by druggists on the prescription of a medical man.

Mr. NEILL: Only?

Mr. MacLAREN: Let us take, say, the remedy for epilepsy. If that is being imported or is being sold without the label anyone may buy it, but it must not be sold labelled as a remedy for epilepsy, nor may anyone advertise it as a remedy for epilepsy. It can be obtained through physicians or it can be bought provided the label does not signify that it is a remedy or treatment for epilepsy.

Mr. VENIOT: Suppose I go into a drug store and say to the druggist, "I am suffering from a certain attack and I want such and such a remedy for it." I name the remedy and the bottle does not contain a label. Can I get it if I name it to the druggist?

Mr. MacLAREN: If you name the remedy itself?

Mr. VENIOT: Yes.

Mr. MacLAREN: Without the label?

Mr. VENIOT: Yes.

Mr. MacLAREN: Certainly, unless it contains a lot of narcotics.

Mr. VENIOT: I understand that. Here is another question. Suppose a person is suffering from rupture, and without any recommendation from a doctor or any prescription he goes to a drug store to purchase a belt or whatever the necessary appliance may be. Is there anything in the act to prevent him from doing so?

Mr. MacLAREN: Nothing whatever. I may point out to the hon. gentleman that this does not deal with any appliance at all. One can scarcely credit it, but from time to time advertisements appear claiming a remedy for rupture; that is to say, there is a certain ointment or something that is rubbed over the area, and that is the treatment.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

ST. CLAIR TRANSIT COMPANY

Mr. R. W. GRAY (West Lambton) moved the second reading of Bill No. 100, respecting the St. Clair Transit Company.

Motion agreed to and bill read the second time.

Mr. GRAY: In view of the fact that this is not a new bill but is merely an amendment to one section of an existing act, and in view of the lateness of the session, I move:

That standing order No. 104 be suspended and that the Speaker do now leave the chair in order that the house may now consider in committee of the whole Bill No. 100, an act respecting the St. Clair Transit Company.

Mr. SPEAKER: That motion can be made only by consent.

Hon. HUGH GUTHRIE (Minister of Justice): I do not think I can consent. My understanding is that this ought to go to the standing orders committee.

Mr. GRAY: It has been there.

Mr. GUTHRIE: I know, but under standing order 101:

No motion for the suspension of the standing orders or any rule respecting a petition for a private bill will be entertained, unless the same has been reported upon by the committee on standing orders, and the committee in its report shall state the grounds for recommending such suspension.

I do not want to delay the measure, but I think the course proposed would be irregular. This bill I believe raises the question of an international tunnel or bridge.

Mr. GRAY: The extension of the charter of an international bridge. It has been fully discussed with the Minister of Labour and the Prime Minister.

Mr. GUTHRIE: The committee has plenty of time to consider this in the ordinary way.

Mr. GRAY: No, because under standing order 105 a week's posting is required if I do not get consent to consider it now.

Mr. GUTHRIE: Will the hon. member bring his motion up on Monday when the Prime Minister is here?

Mr. GRAY: I would much prefer to move the suspension of rule 105, so that the bill might be considered forthwith by the committee.

Mr. GUTHRIE: Then the hon. member will have to give notice. I cannot agree to it; I would if I could, but I cannot.

Mr. GRAY: It could be referred to the private bills committee; I could move the suspension of standing order 105 so that it would not require a week's posting.

Mr. GUTHRIE: I have no objection to its going to the private bills committee in the most expeditious manner possible.

[Mr. Gray.]

Mr. GRAY: Then I move:

That standing order No. 105 be suspended in order that the committee on miscellaneous private bills may consider forthwith Bill No. 100, an act respecting the St. Clair Transit Company.

Motion agreed to.

FOOD AND DRUGS ACT AMENDMENT

The house resumed consideration in committee of Bill No. 70, to amend the Food and Drugs Act—Mr. MacLaren—Mr. Smith (Cumberland) in the chair.

On section 1—Regulations by governor in council.

Mr. CHEVRIER: May I ask again that the minister let this clause stand until such time as the whole of the act can be reconsidered.

Mr. MacLAREN: Do I understand that the hon. member asks that the first section stand?

Mr. CHEVRIER: I simply repeat the suggestion I made this afternoon, that in view of the tremendously large powers that are being sought, an opportunity ought to be given to those interested in this matter to appear so that the whole matter may be discussed.

Mr. MacLAREN: I am not prepared to do that.

Section agreed to.

On section 2—Limitations upon recommendations for self-treatment.

Mr. MacLAREN: It will now be in order to move the amendment I spoke of.

Mr. STEVENS: I will move it.

The CHAIRMAN: The amendment reads:

That clause 2 be amended by adding thereto the following as section 6a:

No person or company shall import, offer for sale or sell any remedy represented by label or by advertisement to the general public as a treatment for any of the diseases, disorders or abnormal physical states named or included in schedule A to this act, or in any amendment to such schedule.

Mr. MacLAREN: I might explain again that this amendment to the amendment meets some objections that have been made. It gives more liberty, is less restrictive. It enables these remedies to be sold on the prescription of medical men. It enables them to be sold provided there is no label specifying that it is a remedy for any of these

diseases set forth in schedule A. I know it meets with less objection from some than the previous amendment.

Sir EUGENE FISET: I think the minister is making a mistake. Is it not that the amendment he proposes is a substitution for paragraph 6A of section 2? The motion should be "that paragraph 6A be deleted and the following substituted therefor."

Mr. MacLAREN: Quite so; that is the amendment.

Sir EUGENE FISET: That is not what is being done.

Mr. CHEVRIER: It seems to me the present section should be struck out and the amendment substituted for it.

Mr. MacLAREN: Quite so. The motion is that section 6A mentioned in the bill be struck out and the amendment substituted for it.

Mr. NEILL: No, you are striking out section 2.

Mr. VENIOT: The intention is to amend 6A of section 2. You delete section 2 entirely and put in this new section.

The CHAIRMAN (Mr. Smith, Cumberland): Shall that carry?

Mr. RALSTON: What is the substitution?

Mr. HOWDEN: If I understand the matter aright we objected to this section 6A when it was before us the other day. We objected to the words "manufacture," "advertise," and so on, and in the amendment those words have been deleted. Otherwise the paragraph is very much as it was before.

Mr. MacLAREN: That is not my interpretation of it. For instance, now it is simply restricted to the sale to the general public. As I understand it the motion is to strike out the addition to the act, section 6A as originally printed in the bill, and substitute the proposed section.

Mr. NEILL: Section 6A is not a section of the bill.

The CHAIRMAN (Mr. Smith, Cumberland): All I have before me is:

2. The said act is further amended by adding thereto the following section immediately after section 6 thereof:

Then the amendment proposes the new section 6A.

Mr. REID: Would you mind reading the proposed new section again?

The CHAIRMAN (Mr. Smith, Cumberland): The amendment reads:

No person or company shall import, offer for sale or sell any remedy represented by label or by advertisement to the general public as a treatment for any of the diseases, disorders or abnormal physical states named or included in schedule A to this act or in any amendment to such schedule.

Mr. STEVENS: I think the matter is quite clear. My motion is to insert a new section in the act. It is to be inserted between sections 6 and 7, and we are naming it section 6A. Nothing is to be stricken out; it is simply the addition of a new section to the act.

Mr. RALSTON: If the chairman would just add to what he has read the words "that section 2 be amended by striking out paragraph 6A thereof and substituting therefor the following," we would have the amendment.

Mr. STEVENS: The hon. gentleman is right. So far as the original act is concerned it merely adds a new subsection.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the amendment carry?

Mr. CHEVRIER: No. The amendment now reads:

No person or company shall import, offer for sale or sell any remedy represented by label or by advertisement to the general public as a treatment for any of the diseases—

And so on. I submit that under the Interpretation Act the words "or company" are superfluous. The amendment should read, "no person shall import" and so on. We want to get at the meaning of this amendment. I take it that bottle must have on it some kind of label. There is nothing in the definition of the Interpretation Act about what a label is. We do not know whether the label must be on the bottle, on the carton or inside the carton quite apart from the bottle itself "—represented by label or by advertisement to the general public." Does that mean that no person or company shall import, offer for sale or sell any remedy represented by a label to the general public, or does it mean that no person or company shall import, offer for sale or sell any remedy to the general public? Apparently that means that on that label there must be no representation or advertisement to the general public. Is that right?

Mr. MacLAREN: No, it is limited to remedies for those diseases or conditions specified in the schedule.

Mr. CHEVRIER: Quite so, but on those remedies that affect any of the abnormal physical states mentioned in the schedule there must be no label or representation or advertisement to the general public. Is that right?

Mr. MacLAREN: Not representing it as being a remedy or treatment for the diseases specified in the schedule.

Mr. CHEVRIER: Or by advertisement to the general public. What is an advertisement to the general public? I understand that the intention, though it is not expressly stated, is to limit the advertising of remedies used for these specific cases to the medical profession. If that be so where does the general public start and where does it end? How are you going to determine what is an advertisement to the general public? Apparently I cannot advertise in the daily newspapers any remedy that may be used as a treatment for the abnormal physical states mentioned in the schedule.

Mr. MacLAREN: Of course you can, if you are addressing it to the medical profession.

Mr. CHEVRIER: I gathered that that was the intention, but what is said in this house in the discussion of the bill as to what the intention of the minister may be cannot be used as evidence before the courts. I have to have a clear expression of what the intention and effect of the law may be, so that when I appear in a court the judge, or the person charged with the interpretation of the statute, will know exactly what it means or will have some means of ascertaining the fundamental intention. The minister has said what he means, but the amendment is not clear.

Mr. MacLAREN: It is stated in the amendment.

Mr. STANLEY: Read the amendment from the first.

Mr. CHEVRIER: The amendment reads:

> No person or company shall import, offer for sale or sell any remedy represented by label or by advertisement to the general public as a treatment ...

And so on. Now, that is all right, but there is no definition as to what "the general public" may mean. The minister says that I may advertise it to the medical profession, but the amendment does not so indicate. I can advertise to the medical profession in various ways. I understand the minister to mean that I may take to a daily paper in Ottawa an advertisement for one of these remedies advertised as a treatment for some abnormal physical state and have such advertisement inserted so that I would be advertising to the general public remedies for all of these abnormal physical states, provided that I put at the top, underneath or at the corner of the advertisement the words "This advertisement is directed to the medical profession only." I understand that that is the intention. I understand further that I may advertise in a so-called or genuine medical review which may be directed, as is usually the case, to the medical profession. I may advertise in the Lancet, the English periodical devoted almost exclusively to the medical profession, any of the remedies to be used as a treatment for any one of the abnormal physical states mentioned in the schedule. My own impression is that if I were to advertise in a dental or pharmaceutical review I would not be advertising to the general public. But where is the line to be drawn? What is the determining line? I cannot advertise in the daily press without the insertion of some restrictive words, but if I can advertise in a medical review, then what is a medical review? I have before me one of these reviews; I shall not mention the name of it, but in it appears an advertisement of a uric acid eliminator, a well known French product, and such specific ailments are mentioned, as gout, lithiasis, neuralgia, rheumatism, arteriosclerosis and obesity. If the bill and schedule become law in their present form, in view of the fact that this publication is not an ordinary review but is directed to the general public, the manufacturers of the product in question will have to eliminate the words "arterioclerosis and obesity." Although this remedy is not one used exclusively for these ailments, yet it is a solvent used in a case of arteriosclerosis as a uric acid eliminator and in a case of obesity as another sort of eliminator. I ask the minister this: If I put in the advertisement the words, "This advertisement is directed to the medical profession only," may it circulate among the general public as an advertisement for arteriosclerosis and obesity?

Mr. MacLAREN: If it is directed to the medical profession, yes.

Mr. CHEVRIER: But I want to find out when it is directed to the medical profession and when it is not directed to the medical profession.

Mr. MacLAREN: The answer is, when it says so—that is all.

Mr. CHEVRIER: It would have been much better if the statute had been made clear. But if the minister states that tomorrow I may go to one of the daily papers

and advertise a remedy for the treatment of one or all of the ailments mentioned in the schedule, and I can do that simply by putting a line at the top of or underneath the advertisement saying, "This is directed exclusively to the medical profession" that arrangement may be all right, but I suggest it is not a proper way to do business.

Mr. STANLEY: Where will you sell your product?

Mr. CHEVRIER: That is why I say there is no reason for the inclusion in the schedule of quite a large number of these so-called abnormal physical conditions. The hon. member for St. Boniface (Mr. Howden), differing from other opinions which have been expressed, says that a certain number of these ailments are not abnormal physical states. They should be excluded. The difficulty is that one cannot advertise to the general public any one of these remedies as a treatment for the abnormal physical states mentioned in the schedule. But I want to know where I can do it. I believe I have made myself clear.

Mr. MacLAREN: Wherever you consider it to your advantage, that is the answer. There are medical journals without number, and there are periodicals and, if you wish, the press. This amendment is intended not to be extreme but to be a moderate measure, and not to go too far in advance of general opinion. Therefore an advertisement to the profession is allowed or allowable in any form you wish.

Mr. HOWDEN: I intimated to the committee this afternoon that I thought this legislation was to a great extent farcical. Many forms of disease are mentioned for which no one would think of advertising cures before the general public. So far as those forms of disease are concerned, I believe we may put them out of our minds; we do not need to go over them again. In the case of quite a number, however, there is potential danger in druggists or proprietary people advertising remedies. All these particular forms of disease I have in mind certainly require the attention of a skilled physician. However, to my mind the whole discussion circles around the one disease which I discussed at length this afternoon and in connection with which we as medical men have had but scant success in the matter of treatment. The amendment states:

> No person or company shall import, offer for sale or sell any remedy represented by label or by advertisement to the general public ...

And so on. We know of one firm at least which has been successful in treating by mail a malady in the treatment of which medical men have had very little or no success. A number of people throughout the dominion are suffering from that disease, and at the present time they are apprehensive that this legislation will remove from them the possibility of obtaining the medicine for the relief of their condition. The amendment plainly says that this medicine shall not be advertised to the public. How then shall other victims who will suffer from this disease in the future be relieved, or how will they be informed of the fact that there is a remedy that can relieve them? If the remedy cannot be advertised I do not see how they can learn about it.

Mr. COWAN (Long Lake): Get a good medical man.

Mr. HOWDEN: It is true that there are a lot of good medical men, but there are a few conditions that medical men have not been able to control entirely, and this is one of them.

Mr. HANSON (York-Sunbury): Do you want the sufferers to go to quacks?

Mr. HOWDEN: I have no interest whatever in any quack company or quack doctor, but if any quack doctor is able to give relief for a condition where I cannot give relief, I say more power to him.

Mr. COWAN (Long Lake): Have you ever met one who could?

Mr. HOWDEN: I have met many cases, and for that reason I say without hesitation that if this legislation is enforced it will be positively unfair to a number of epileptics in this dominion. I have no personal interest in any epileptic but I like to see people in any such condition treated fairly and given a chance; for it is well known that if the disease is allowed to run on for a number of years without relief it affects the mind and the sufferer becomes feebleminded.

Mr. MacLAREN: I had intended to wait until we reached the schedule before saying anything with reference to any of the diseases listed, but I feel I should not delay, and that I should say something about epilepsy.

Mr. HOWDEN: Hear, hear.

Mr. MacLAREN: I have had communications and reports on different diseases, and recently I have received from members of parliament and others a considerable number of letters with reference to the administration

of a certain remedy for epilepsy. So far as I can tell, and I think this applies to all of them, they originated at the request of a medical firm in Chicago, the Western Medical Corporation. I should like to read this communication to the house. It is a letter on the heading of the Western Medical Corporation, and the directing physician is Harry L. James, M.D. The letter is dated May 25, 1934, and this particular letter is addressed to a lady. It reads:

Dear Miss,—

Do you know that a new Canadian law has been proposed to make it impossible for you to obtain treatment for epilepsy attacks except through a physician? This means that you could not buy medicines from any concern in the United States or in Canada for epilepsy attacks.

I think that is correct so far as it goes. It is correct if it were labelled; it is not correct if there were no labels on it. The letter continues:

This matter was brought to our attention by one of our Canadian customers who was greatly disturbed at the possibility of not being able to obtain our medicines should the bill be passed. We refer to the bill sponsored by the Hon. Doctor Murray MacLaren, Minister of Pensions and National Health, now in its second reading.

It occurred to me that all of our Canadian patients might not be aware of this impending legislation. Therefore I suggest that if you feel the passage of this bill might seriously affect you because you could no longer obtain medicines from us, it would no doubt be a good plan to write to your representative in the dominion House of Commons—

That has been duly done.

—asking that the disease epilepsy be removed from the list. You might also add that you consider it a grave injustice to be forced to go to a local physician for treatment.

Immediate action is no doubt necessary if you are to cause the removal of the disease epilepsy from the list of diseases contained in the bill.

Will you let us hear from you as to what answer your representative gives you?

Sincerely,
Harry L. James, M.D.,
Directing Physician.

Mr. HANSON (York-Sunbury): What is the name of the company?

Mr. MacLAREN: The Western Medical Corporation. So far as I am aware, all the letters and copies of letters that have reached me or the department have been sent on the invitation of the Western Medical Corporation through their directing physician.

Mr. CHEVRIER: I never got one.

Mr. MacLAREN: It was not necessary in my hon. friend's case.

[Mr. MacLaren.]

Mr. CHEVRIER: I am not suffering from epilepsy.

Mr. MacLAREN: There, Mr. Chairman, you have the fons et origo of all this trouble about epilepsy; and the corporation makes its appeal attractive by the distribution of a three dollar coupon to all those who are buying these medicines

I would like to say, for this is rather important, that the formula is on these bottles when they are sold under the act. The remedy is luminal, and for many cases of epilepsy that is probably the most suitable and effective remedy, but I saw a letter not long ago in which the correspondent said he had been taking luminal and it was not useful, and that he got the medicine of this company and it was just the thing. The ordinary trade term for this remedy is luminal, but there are at least two other long scientific names, and if they are used, naturally the general public are not aware that it is luminal they are taking, and yet it is the same thing. The remedy I say is luminal, and it is quite a good remedy as a palliative in epilepsy. But epilepsy is due to different causes. I grant you that in many cases it is idiopathic, that there is no discernible cause for it, but in other cases that is not so. It may be due to arterial degeneration, or to luetic infection, or to injuries. Strangely enough I have a letter before me from a woman who writes that she had received a fractured skull from a kick by a horse, and she was taking this remedy for epilepsy. That was essentially a case for examination by a surgeon or physician, not a case for treatment by correspondence with a doctor a thousand miles away.

Mr. HOWDEN: She might have had Jacksonian epilepsy and had the epilepsy as a result of the kick on the head.

Mr. MacLAREN: I cannot say as to that. I am giving her statement, that she had epilepsy, that she had a fracture of the skull caused by a kick from a horse. There is no mystery about these things, and I believe many of them would be wise if they took the same thing. They can go to a druggist and get it themselves if they desire without there being any advertising or anything else. This matter has been brought to the attention of the public in this way. I do not know that one can blame him for following his business instincts, but our object is to try to protect the public and see that they do not incessantly and continually take something which they may not need. I agree that a cure for epilepsy is not known but sometimes it dis-

appears although in other cases it becomes worse. I think all cases should receive skilled attention. All we are saying is that these things shall not bear labels and be advertised. To that small extent we are trying to protect the public.

Sir EUGENE FISET: Would the minister be kind enough to answer one question for me? He stated a moment ago that as long as a product was not labelled for the cure of a disease it could be sold to the general public in any drug store.

Mr. MacLAREN: Absolutely.

Sir EUGENE FISET: Could a man sell a drug advertised in a manner similar to the letter which the minister read provided the bottle was not labelled? Is there anything in the proposed amendment which would prevent a manufacturer from sending out circular letters of the kind which the minister read, provided he does not label his bottle as a remedy for a disease listed in schedule A? This is what the druggist wants to know. I have received sheaves of telegrams from pharmaceutical associations all the way from Toronto down to Quebec asking me to ascertain if there is anything in the present law or in the proposed amendment which would prevent a druggist or a pharmacist or a manufacturer from advertising a product so long as he does not label the bottle. That is the first point. Second, is there anything in the law or in the amendment which prevents a manufacturer or a druggist from advertising a product as long as the advertising or the sample bottle is addressed direct to the medical profession? If the minister can clear up those points, I shall be satisfied.

Mr. MacLAREN: My answer to the first and third questions is that it would be allowable under the act. As to the question whether or not a druggist could advertise, I should like to know what it is he wishes to advertise. He must have something to advertise.

Sir EUGENE FISET: Suppose it is advertising a product to cure epilepsy.

Mr. MacLAREN: He could not do that.

Sir EUGENE FISET: But he could do that to the medical profession?

Mr. MacLAREN: Absolutely.

Mr. CHEVRIER: How could he do that to the medical profession, in a medical review or in a newspaper?

Mr. MacLAREN: In both.

Mr. CHEVRIER: He could do that in a newspaper provided he labelled his bottles in some way. I should like to get the proper phraseology in order that there may be no misunderstanding when I advise a client. What phraseology must the advertiser or the manufacturer of a product use in order to protect himself when he is advertising in a daily newspaper?

Mr. MacLAREN: He could do it, but you are speaking about something that is not done.

Mr. CHEVRIER: There has been no need to do it up to the moment.

Mr. MacLAREN: It is not done. All these things appear in medical journals, but I grant you it could be done. That is not the way to do it and that is not the way it is done. He could address it to the medical profession and say: This is the remedy that Doctor James prescribes for epilepsy.

Mr. CHEVRIER: Let me get this thing right for my own personal information. Here is an advertisement. Under the term of this amendment it could not appear in a daily newspaper because it refers to arteriosclerosis and obesity, and those diseases are referred to in this schedule. Will the minister tell me what phraseology I could use for this advertisement in order to put this product before the general public and advertise it as it is being advertised in this magazine?

Sir EUGENE FISET: Head it "for the medical profession only."

Mr. CHEVRIER: I am asking the minister, and I think he can answer.

Mr. MacLAREN: The minister will answer with great pleasure. What is the name of the product the hon. member is speaking of?

Mr. CHEVRIER: This is an advertisement for urodonal. It states that it is a uric acid eliminator. Then it goes on to say what it is good for, and among other things it mentions arteriosclerosis and obesity.

Mr. MacLAREN: State that it is for the medical profession.

Mr. CHEVRIER: All I have to do is label it to the medical profession and then the officers of the department would not prosecute?

Mr. MacLAREN: That is right.

Sir EUGENE FISET: In order to relieve my anxiety I should like the minister to confirm one statement. Should an individual

advertise, either in a publication or by private letter or even on a bottle label, if that was addressed to the medical profession would he be interfered with by this amendment or by the present act?

Mr. MacLAREN: It would not touch that.

Mr. LUCAS: I received a letter from a person in my constituency which is somewhat along the lines of the letter read by the minister. It states that one of the family is afflicted with epilepsy and had been unable to obtain any relief except through the remedy prepared by Doctor James of Chicago. These people were protesting strongly against the passage of this amendment. As I understand the amendment, it will mean that anyone troubled with epilepsy must secure this remedy through a prescription by a medical man. I should like to know if a person could import this remedy from Doctor James so long as it came in without a label?

Mr. MacLAREN: Certainly.

Mr. LUCAS: Supposing it did come in without a label, what would the customs department do? Would they allow it to come in?

Mr. MacLAREN: Certainly. The difficulty has been in tracing these things once they got into the country, but an individual could order through the customs provided the label did not state it was a remedy for epilepsy. Of course the ingredients would have to be mentioned on the label.

Mr. HOWDEN: I was very glad to hear the minister state quite definitely a few minutes ago that luminal is what this Doctor James of Chicago is sending to his patients. Luminal is a well known hypnotic and we medical men have been using it for ten or twelve years. Phenobarbital and luminal and a number of other allied products have exactly the same effect upon the human economy. I cannot state definitely that I have ever prescribed luminal for epilepsy but I should think that the medical profession at large has been in the habit of trying all these sedatives and hypnotics in an endeavour to control the malady. This afternoon I had on my desk four letters from different parts of Canada—and hon. members intimated at the time that many of them had also received these letters—in which the writers stated quite definitely that after treating with medical men for a considerable time without any result whatever they had obtained relief from attacks of epilepsy. If relief has been given through the use of the drug luminal then it is a mighty good thing for us to know, and perhaps Doctor James will lose his business forthwith. But in the event of luminal not giving the desired results, I should certainly hope that this Health department of the dominion would not put it beyond the power of people to obtain the remedy that has brought them relief in the past. I have no other interest in it in the world; I am a medical man and I like to see disease relieved where possible, so that I have no other interest except the relief of sufferers from epilepsy. The minister stated a moment ago that this remedy could be brought in if the label were removed. That I suggest is a roundabout way of getting the remedy to a sick person, but still it is better than no way at all, and if it is possible for these epileptics to obtain whatever will relieve them from their malady, provided the label is removed, that satisfies me for the time being.

Amendment agreed to.

Section as amended agreed to.

On section 3—Sale, etc., of compound vinegar, etc., prohibited.

Mr. MacLAREN: The difficulty of distinguishing on the one hand between cider vinegar and vinegar derived from wine and, on the other, acetic acid which may be obtained by distillation of wood and other materials is considerable; hence in different manufactures such as pickles if the synthetic vinegar is used it is very difficult to detect it from the proper domestic vinegar, and this section affords protection, so that people will be assured that they are obtaining cider vinegar. That is the object of the amendment; it is not allowed to be on the premises of manufacturers.

Section agreed to.

On schedule A.

Mr. CHEVRIER: There are a few of these abnormal physical states which in my opinion should not be in the schedule. I fully appreciate, as I have told the minister repeatedly, the fact that in a number of instances people ought to be protected against themselves, and the vast majority of the physical states mentioned in the schedule should remain, I think. The hon. member for St. Boniface (Mr. Howden) this afternoon reviewed them, and though I have not the competency to review them all I know some of them. Take arteriosclerosis, for instance. Everyone knows that that is hardening of the arteries, and once they have started to harden there is no cure.

But certain solvents may be used which will give considerable relief and restore to the arteries a certain degree of elasticity. The minister has said that certain remedies which heretofore could be used only as specifics might, by some side issue, be used for some of these physical states, and that clears up the situation to some extent. I must repeat however that the word "influenza" should be struck out. Ordinary people do not regard grippe and colds as influenza, although many of those who are dealing in matters of this kind like to give these maladies high sounding names; and unless they are advertised to the medical profession, then these remedies may not be advertised. I think another one that ought to come out is the supposed abnormal physical state of obesity. I quite realize there are two kinds. I know that in certain instances people have been led to believe that a certain quack medicine would bring them back to a sort of normal state, but owing to the peculiar cause of corpulency or obesity due to the deficiency of the thyroid gland medical treatment is absolutely necessary; the so-called eliminators would be useful but would aggravate the condition. But inasmuch as there are two kinds of remedies, one based on thyroid extracts and the other based on diet, the distinction should be made so as to enable those who sell certain laxatives and salts to advertise them as a relief for that type of obesity, which does not result upon thyroid or pituitary deficiency and the like. I should like to see the word "obesity" taken out; at any rate it ought to be qualified in some way. If the minister would confine it to obesity that comes within the endogenous class, namely, where there is thyroid deficiency, I would agree with that; but in the other kind, usually called exogenous obesity, which simply results from autointoxication, bad food or bad elimination, the remedies in this class ought to be allowed. If the minister would qualify in some way the word "obesity" then I should be in perfect accord with the bill and I should say he ought to be commended for having to that extent improved the conditions under which the national health of Canada is maintained.

Mr. MacLAREN: I should like to meet the wishes of my hon. friend from Ottawa (Mr. Chevrier) but I do not see how I can. There are more than two varieties of obesity; there are four or five anyway. The hon. member has referred to thyroid deficiency, but there are forms due to other defective glands in the system. And further, as to the remedies that are used for obesity, the thyroid perhaps we will agree has to be used with considerable discretion, but there is another that occurs to me, that is what is called nitro compound. It has produced unfortunate results, so much so that its use is not permitted in certain countries. Obesity in elderly people is rather a formidable condition. If one is relying on the exclusion of thyroid and nitro compound and using aperients or laxatives in moderation I am afraid it is something that will soothe them but will do them no good. I think it is proper that the name should be retained.

Mr. REID: The explanatory note states that the purpose of this bill is to bring these two acts into conformity, and that under the Proprietary or Patent Medicine Act certain remedies may not be sold. I should like to ask whether in the Proprietary or Patent Medicine Act there is the same proviso regarding importation. We are providing here that no person or company shall import, but in looking over the Proprietary or Patent Medicine Act I could see no provision regarding importation.

Mr. MacLAREN: No; that is taken care of by departmental regulation under the act. The list is the same in both acts.

Mr. HOWDEN: I should like to urge upon the minister and the department that they enforce the strictest possible measures against the sale by druggists and quacks of measures for the condition last named on the list. It is much more seriously fraught with danger than any of the other diseases mentioned, so far as I can see. The strictest possible means of enforcement should be employed to control promiscuous prescribing for this condition.

Mr. MacLAREN: I shall make a note of that. As far as advertising is concerned, which is the principal danger, it is being carefully watched.

Schedule A agreed to.

Mr. STEVENS: I have been asked to move:

That the following be added to the said bill as section 5:—

"This act shall come into force on the first day of January, 1935."

Mr. MacLAREN: The reason is obvious; it is to meet the convenience of people and allow them to get rid of stock and all that.

Motion agreed to.

Bill reported; amendments read the first and second time and concurred in.

Mr. SPEAKER: When shall the said bill be read the third time?

Some hon. MEMBERS: Now.

Mr. NEILL: No, next sitting of the house. There is an important amendment and we have not yet seen it in print.

CANADA GRAIN ACT AMENDMENT

Hon. H. H. STEVENS (Minister of Trade and Commerce) moved that the house go into committee on Bill No. 53, to amend the Canada Grain Act.

Motion agreed to and the house went into committee thereon, Mr. Stirling in the chair.

On section 1—Tentative standard samples of western grain.

Mr. MOTHERWELL: As I have a few remarks to make perhaps I may as well make them at this stage. When the committee on agriculture and colonization completed its labours a statement was apparently given to the press indicating that the decision arrived at had been unanimous. That is not quite correct. I know I was agreeable to doing almost anything for the present in the way of getting rid of this question that would improve the situation and improve the bill that the minister had introduced. It had been a source of controversy at home and abroad for the last four years or more. The alternative to doing what we did was to keep up the controversy, and that did not seem to be advisable or in anyone's interest, particularly the interest of the wheat growers of the west. To that extent I was agreeable to the amendments made to the amended bill. The controversy that I refer to was carried on by a number of gentlemen who I think should have known a lot better. One of them was Mr. Short, president of the Canadian Millers' Association, and the other two were Doctor Tory and Doctor Newton. The first remark I would make with regard to the evidence and to the change in the amended bill is that the minister did not carry out the recommendations of his board of grain commissioners in bringing the bill before the house at all, because we find on page 6 of the last report of the board of grain commissioners that the following report was made to the minister by the board on the 8th of January, 1934:

> Amendments to the Canada Grain Act
>
> The board has continued to investigate the effect of allowing garnet wheat to be placed in No. 2 Manitoba northern wheat. We are substantially in agreement that garnet wheat should be given an independent classification, but in view of the present low price of wheat and the difficulties of the wheat producer, we are of the opinion that it might not be advisable to proceed with changes in the classification at the present session.

[Mr. MacLaren.]

That is a very concise and understandable recommendation, but the minister proceeded to disobey it and to introduce the amendments to the Canada Grain Act now before us. It was not made apparent at any of the meetings of the committee by any of the witnesses as to just why the minister departed from the recommendations of his advisers, the board of grain commissioners, who are recognized not only as capable but very honourable men who have the whole grain trade at their finger tips. An attempt was made to some extent by the two gentlemen themselves to show why they had changed their minds, though they did not exactly say they had done so. The evidence they produced to warrant a change, however, was very slim indeed.

If the minister was not governed by the advice of the board—as certainly he was not—on whose advice did he act, I wonder? In the Montreal Gazette of March 6 I find an interview given by Mr. Short, the gentleman to whom I have referred. I believe he is reported too fully for me to read the whole interview, but apparently he took a flying trip to Vancouver before he went to Montreal. I have no doubt he went there on business, but so far as the public were concerned his chief business was to carry on propaganda against garnet wheat. I believe we had one complaint about garnet wheat from Vancouver, from the harbour board or someone in that vicinity. Then, as Mr. Short travelled eastward via Calgary, on the Canadian Pacific railway, further convenient and illuminating interviews were given, all derogatory to garnet wheat. He represented the poor downtrodden wheat growers of the south as carrying the northern growers on their backs. As he came on to Regina he emitted more of these interviews, equally damaging to garnet wheat and equally straining the truth and drawing a mighty long bow. He reached Winnipeg and there were more interviews, and I have before me his final peroration on the dangers of garnet wheat:

> The over-all average quality of Canadian wheat is materially reduced by the lower grades from the northern areas, which primarily result from the variety of lesser quality and earlier ripening wheats sown, noteably garnet.
>
> A recent article by James McLeash in the Winnipeg Free Press, said Mr. Short, sounds a timely note of warning to Canada in pointing out the steadily developing aggressive agricultural policy of the Argentinian government.

The Argentine government clearly foresees the imperative need of quality standard as a prime essential to successful wheat marketing in the future, and is bending every effort to raise the standard of the crop by the elimination of various varieties of wheat which affect adversely the general average standard.

"There is no doubt," he continued, "that the method of grading in Canada in the recent years, which has developed through the varieties of lesser quality wheats grown, notably the northern areas, has reduced materially the margin of superiority which characterized Canadian wheat compared with other wheats.

Incidentally I may say that is not correct.

Unless some steps are taken to prevent the steady deterioration in the average quality of our crop, our own situation taken in conjunction with that of other countries such as the Argentine, which is improving the quality of its crop, will naturally result in narrowing the margin of superiority of the Canadian crop over its competition to an uncomfortable minimum.

That is not correct, either. I would not like to say how many miles it is from being correct.

It is surely axiomatic that a price premium can be maintained only in strict relation to quality superiority. It is well within the realms of probability that the slow movement of this year's crop in no small measure involves the question of relative quality in respect to relative price. It is a fact that at the present time there are several millions of No. 2 northern wheat at the Pacific coast for which it is extremely difficult to find buyers because of the heavy admixture of the inferior northern grades.

There was no such evidence as that given; the contrary was the case. There was no congestion of No. 2 that could not find buyers. One gentleman said there was, but two or three others challenged the statement.

A definite and aggressive wheat policy is urgently needed, not as a party platform and, in consequence, a political football, but as a national program.

The light is not as good for reading as I would like to have it, but Mr. Short continues on that line, getting worse as he goes on. That interview was given on March 6 and the bill was placed on the order paper on April 9 or 10, just long enough afterwards for the Minister of Trade and Commerce (Mr. Stevens) to have the thought put into his mind by Mr. Short expressed in the form of a bill. The fact that these two events occurred so closely to each other is not proof positive that one was the cause of the other, but at all events we have seen that the minister has not followed the advice of his advisers, his own board of grain commissioners, while he had an opportunity at least of following this other advice. I do not know whether there was some additional advice from some other source than Mr. Short; all I do know is that the minister did not follow the advice of his very competent board of grain commissioners.

Well, I do not know what they are there for unless it is for that purpose. When that board was appointed in 1929 we thought our problems were over with regard to the Grain Act; we thought we would not need any more commissions, because we had a competent board of practical men who would be able to keep the ministry, whoever they were, in pretty close touch with the requirements of the country in this important respect. I have one or two notes before me. They are not very long, but I should like to point out that we have made the change in the amended act to mean that it was not to go to the standards board to be bandied about a third time by that institution, but that the government was to take the responsibility as they are now doing of grading garnet wheat along the line of statutory grades, and giving it the same status as the other statutory grades, namely No. 1 northern and No. 2 northern. There is a vast difference between that procedure and sending it back once more to the standards board, a body which had already tried the case and adjudicated upon it, once ex parte and a second time with Doctor Newman in attendance to tell his side of the story. The minister had the remarkable audacity after those two experiences to ask this House of Commons to refer this knotty question back a third time to the standards board, thereby escaping the responsibility himself of making the change. The committee thought otherwise, and this amended bill is the result. But in order to avoid further propaganda by these experts in the propaganda and plagiaristic line to whom I have referred—I have named the three gentlemen—I do not know what assurances we are going to have that as soon as this bill has passed further propaganda will not be set up by Mr. Short and others to drive garnet out of No. 3 northern. According to the recommendation of the committee there will be No. 1 C.W. garnet, No. 2 C.W. garnet, and the lower grades will come in their respective regular grades. There is nothing to hinder Mr. Short from waking up some morning with the determination to drive garnet off the map and out of the country, and to start up another hallabaloo. He knows how to do it. I feel like taking my hat off to any person who does a thing well, even if I do not approve of it. I must say I have never seen a more successful propagandist than

Mr. Short, unless it be Doctor Tory and his satellitic colleague, the other gentleman to whom I referred.

So it would seem that we are not altogether out of the woods, unless the minister can do something with two of these gentlemen who are officials of his and servants of the crown. In many respects they are very good servants but they have a mania for promotion, propaganda and limelight. I suppose that is a prevalent disease. It seems to me that sometimes it is quite contagious, and we have to take great care lest we contract it ourselves. I will say this, that if the action of the government and of the committee results in driving garnet out of the country—and I anticipate it will; I have never had any illusions about that—then a great wrong will have been done our prairie northern hinterlands and its people. No wheat has yet been found which was graded outside of the regular Manitoba grades and lived more than three or four years afterwards. That is a serious contemplation. One gentleman has been knighted—I refer to Sir Charles Saunders—for establishing and setting up garnet along with three other varieties of wheat. Is someone going to qualify for knighthood by killing it?

Mr. STEVENS: He did not set up garnet.

Mr. MOTHERWELL: I beg the minister's pardon; that is the claim.

Mr. STEVENS: No, he did not set up garnet. He discovered it, put it on the shelf, but did not issue it. When his successor came in and found the wheat, he issued it.

Mr. MOTHERWELL: That is exactly where Sir Charles Saunders found marquis.

Mr. STEVENS: Yes, but he did not issue it, and my hon. friend knows that very well.

Mr. MOTHERWELL: I know more about the whole thing than my hon. friend does.

Mr. STEVENS: I know that, too.

Mr. MOTHERWELL: The whole question was discussed in the newspapers on the day Sir Charles was knighted. He was given credit for establishing marquis, ruby, reward and garnet wheats.

Mr. STEVENS: He never issued garnet.

Mr. MOTHERWELL: It is there.

Mr. STEVENS: On the shelf.

Mr. MOTHERWELL: That is exactly where he found marquis—on the shelf.

Mr. STEVENS: No.

Mr. MOTHERWELL: He cannot claim both ends of the deal.

Mr. STEVENS: No, his successor found it on the shelf.

Mr. MOTHERWELL: There is a continuity about all this cereal research work ever since the late Doctor William Saunders came to Canada. He was the originator of all this breeding and development of Canadian wheat, and the real one, too. He has done a great work for Canada. At any rate, the minister should not feel snuffy about it because it may be that if he succeeds in killing this wheat which Sir Charles established or, at least, had something to do with, then there will be possibly one person knighted for establishing it and another, possibly the minister or Mr. Short, knighted for killing it. That seems to be contradictory.

I would suggest to the minister that he should bring this whole question of the recent conflict between the staff of the Department of Agriculture and the Department of Trade and Commerce to the attention of the cabinet. That was the chief reason which actuated the efforts and decision of the committee, namely to put a stop to the everlasting bickering between the officers of those departments, not to mention their respective ministers, to the discredit of the government and the discredit of us all. They are all good men, but what can we expect when we have a hydra-headed department of agriculture presided over by two ministers? You cannot expect anything else; so long as there are two capable and strong minded men you are bound to have not only friction between them but friction between their respective staffs. If the government wish to follow up some of their reforms, and especially the reforms in connection with price spreads, mass buying and business ethics, they might very well consider the ethics of the departments of Agriculture and Trade and Commerce, and the conflict going on between those departments, one which has not been engendered by themselves alone, because it is a legacy handed down for the last thirty years. As a matter of fact, for the last fifty years the Department of Agriculture has been presided over by two heads. For thirty years it has been controlled by the ministers of the Department of Agriculture and the Department of Trade and Commerce, and for the preceding twenty years the Minister of Inland Revenue had a hand in it. As a matter of fact, it was the Minister of Inland Revenue who in the first instance introduced and sponsored the Grain Act in the House of Commons. That was the department which had to do with tobacco, whisky

and so on. So that in Ottawa for many years the Department of Agriculture was just a minus factor in this respect in this social and political centre of Ottawa, and that is where it stayed during all those years. I believe, Mr. Chairman, if we are to cure the present difficulty and avoid similar difficulties in the future, the sooner we get all of agriculture under the Minister of Agriculture, the better it will be. I do not know of any country in the world, and particularly other countries on this continent—and they would be more comparable, particularly the United States—where there are two heads to the Department of Agriculture. I will say that that condition is not the fault of the minister, and I will say further that neither he nor the Minister of Agriculture is in a position to agitate for a change, because they would be open to the charge of having created a commotion within the ranks of the cabinet. That is why, being outside of the cabinet, I take this opportunity to make the suggestion, a suggestion which I hope will not be unpleasant or unwelcome to the government.

I should be surprised if the government were not aware of the fact that this embarrassing situation should continue for as short a time as possible. Such a condition does not promote good results, but develops the opposite. We know about the flair that the Minister of Trade and Commerce has developed for agriculture. We know about his little venture in connection with the Yorkshire geldings, for instance. We hear about his other venture when he took a shot at a bunch of dairy cows, and conceived the idea that it would be a good idea to send them to Australia. We hear about the Percheron mares, and about his raising Ned all around. These are substantial reports which come to me and seem almost as authentic as the famous "Yorkshire geldings."

If the Prime Minister were here I would ask him to suppress this state of affairs in the interests of agriculture. This is not the first time that we have had bickerings and backbiting at the heads of the Department of Agriculture and the Department of Trade and Commerce. I will ask you, Mr. Chairman, if there would have been any trouble about garnet wheat if there had been only one head. The Minister of Agriculture (Mr. Weir) has been opposed to these changes all along, and no wonder because about two-thirds of his constituents are garnet growers, so you can quite understand his anxiety about the matter. It is very creditable to him: for the sake of seeming harmony he and his staff decided to compose their differences with the Minister of Trade and Commerce and his staff by adopting this bill as a substitute for the other one which the Minister of Trade and Commerce brought down. The Minister of Trade and Commerce looks half cross at me, but if he wants to say anything he will have lots of chances after I am through. But those are the circumstances, Mr. Chairman, under which I at all events would agree to anything almost for the present rather than have constant haggling and scrapping between the ministers, both of whom are no doubt trying to do their duty in their respective spheres, with their staffs also doing their duty in their spheres. This condition of affairs, where there is constant haggling and scrapping, should not be tolerated for one minute longer than it is necessary to change it.

I have nothing to add further if the bill is as it left the committee, and I presume it is. There is a chart here that would be very useful if the minister distributed it. I do not know, Mr. Chairman, how we are going to deal with this bill properly unless it is reprinted. This chart that I have here shows the grades, and if there are no other charts for distribution I should be glad to pass this around.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

Schedule agreed to.

Mr. MOTHEWELL: Are these charts showing the grades attached to the bill, Mr. Chairman?

The CHAIRMAN (Mr. Stirling): They are attached to the bill.

Bill reported, read the third time and passed.

On motion of Mr. Guthrie the house adjourned at 9.40 p.m.

Monday, June 18, 1934

The house met at three o'clock.

SUPPLEMENTARY ESTIMATES, 1934-35

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1935, was presented by Right Hon. Sir George Perley, read by Mr. Speaker to the house, and referred to the committee of supply.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

RUSSIAN GASOLINE

Mr. DESLAURIERS:

1. Is it true that a ship containing a cargo of Russian gasoline is moored in Montreal harbour at the present time?
2. Is it true that the parties in charge of such ship are offering such gasoline at 7 cents per gallon?
3. Is it true that the authorities are delaying the unloading of such cargo, and what reasons are advanced for the delay in unloading?

Mr. MATTHEWS:

1. Not so far as known to Department of National Revenue.
2. Answered by No. 1.
3. Answered by No. 1.

PRICE SPREADS

Mr. SEGUIN:

In view of the revelations arising out of the "Stevens" inquiry with respect to the enormous profits which certain companies have made as a result of their dealings with the tobacco growers, shall the government put a stop to such a state of affairs, in the interests of the grower and the consumer?

Mr. BENNETT: I should think this question should be stricken out. No report has been made, and the matter is still before the committee.

MOTIONS FOR PAPERS

MINGAN INDIAN RESERVE

Mr. VENIOT (for Mr. Casgrain):

For a copy of all correspondence, telegrams, letters, and other documents exchanged between the Department of Indian Affairs and all persons in the province of Quebec, with respect to the administration of the Indian reservation at Mingan and the Indian superintendent in that locality, since the year 1930 to date.

UNEMPLOYMENT RELIEF—LAKE ST. JOHN

Mr. DUGUAY:

For a copy of the schedules of works approved by the federal government under the Relief Act, 1933, for the county of Lake St. John, showing the dates on which such schedules were received and approved, the accounts received with respect to each schedule, the dates on which such accounts were received and the dates on which payment of same were made to the province.

DOMINION FRANCHISE ACT

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): May I ask the Minister of Justice when the house may expect to have English and French copies of the Franchise bill?

[The Chairman.]

Hon. HUGH GUTHRIE (Minister of Justice): I have a copy of it; it is down now.

Mr. MACKENZIE KING: It has not been distributed. I understand the copy has come only in English.

Mr. GUTHRIE: The French copy is here, too.

Mr. NEILL: I inquired a couple of hours ago, and was told that the English copies would not be ready until to-morrow morning.

Mr. GUTHRIE: I got my information from the clerk only a few moments ago stating that they were available now.

DOMINION COMPANIES ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. C. H. CAHAN (Secretary of State) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 64, respecting dominion companies.

Mr. CAHAN: I move that these amendments be concurred in, and at the same time I wish to add that if after I have given an explanation hon. gentlemen wish to discuss these amendments in detail I shall ask leave to withdraw my motion and move the house into committee. The bill has been carefully considered by the select standing committee of the Senate on banking and commerce. For three days I attended the meetings of that committee. The changes which have been suggested do not change the purpose or intent of the provisions of the bill, but after careful consideration of the bill and of suggestions which were made to the committee by correspondence and otherwise certain valuable amendments have been proposed and unanimously adopted by the Senate. I would refer hon. members to item No. 21 appearing in the notice printed in the votes and proceedings of Friday, June 15, where the suggestion is made to strike out on page 36 line 32 of the bill, the words "knowingly and wilfully." That is an error either in printing or transcribing. The amendment made by the Senate was to strike out the two words "knowingly and." We had made a similar deletion in another section, and the Senate thought that this section ought to conform to our previous amendment.

The main amendment, however, appears at page 430 of the votes and proceedings. The bill prescribes heavy penalties, heavier than have heretofore been imposed in any companies act in Canada, and, after consideration of the whole bill, the Senate thought the bill should be amended to conform to the provisions of section 372 of the English Companies Act of 1929. For that reason they

proposed and adopted an amendment to this bill in conformity with and following verbatim this section 372 in the English Companies Act. The new section as amended will read as follows:

"207. (1) The persons to whom this section applies are directors of a company or corporation; managers of a company or corporation; officers of a company or corporation; persons employed by a company or corporation as auditors whether they are or are not officers of the company or corporation.

(2) If in any proceeding for breach of or non-compliance with any of the provisions of this act or breach of or non-compliance with any of the provisions of the letters patent, supplementary letters patent, special act, or by-laws of a company or corporation, against a person to whom this section applies, it appears to the court hearing the case that that person is or may be liable in respect of such breach or non-compliance, but that he has acted honestly and reasonably, and that, having regard to all the circumstances of the case, including those connected with his appointment, he ought fairly to be excused for such breach or non-compliance, that court may relieve him, either wholly or partly, from his liability on such terms as the court may think fit.

(3) Where any person to whom this section applies has reason to apprehend that any claim will or might be made against him in respect of any such breach or non-compliance, he may apply to the court, as defined in paragraph (d) of section three of this act, of the province in which the head office or the principal place of business of the company or corporation is situate, for relief, and the court on such application shall have the same power to relieve him as under this section it would have had if it had been a court before which proceedings against that person for such breach or non-compliance had been brought.

(4) Where any case to which subsection two of this section applies is being tried by a judge with a jury, the judge, after hearing the evidence, may, if he is satisfied that the defendant ought in pursuance of that subsection to be relieved either in whole or in part from the liability sought to be enforced against him, withdraw the case in whole or in part from the jury and forthwith direct judgment to be entered for the defendant on such terms as to costs or otherwise as the judge may think proper."

The commission which had under review the English Companies Act thought that in view of the heavy penalties there imposed a certain discretion should be given to the court trying an offence in respect of which these heavy penalties were imposed, so that if such alleged offender had acted honestly and reasonably and if having regard to all the circumstances of the case he ought fairly to be excused for such breach or non-compliance, the court may relieve him either wholly or partly from his liability on such terms as the court may think fit. The Senate were unanimous in support of that provision. Personally I think that under the circumstances it is just and should be accepted. That is the only material change which, through Senate amendments, has been made to the bill. I move that the amendments be concurred in.

Mr. RALSTON: Would the minister indicate again the section from which the words "knowingly and" have been struck out?

Mr. CAHAN: Yes, I would refer the hon. member to page 36, line 30 of the bill. The hon. member will recall that the committee of the whole in this House of Commons struck out those words in a similar section. Subsection 2 now reads:

If any director, manager, or other officer of the company knowingly and wilfully authorizes ...

And so on. The words "knowingly and" were struck out because the word "wilfully" implies knowledge. The Senate thought this section should conform to the section with which we dealt previously.

Mr. RALSTON: The other section is No. 67, I believe?

Mr. CAHAN: Yes, I think that is true; it is to effect conformity with section 67 and with section 72.

Motion agreed to; amendments read the second time and concurred in.

FARMERS'-CREDITORS' ACT

The house resumed from Monday, June 11, consideration in committee of Bill No. 92, to facilitate compromises and arrangements between farmers and their creditors—Mr. Bennett—Mr. Hanson (York-Sunbury) in the chair.

On section 2—Interpretation.

Mr. BENNETT: Mr. Chairman, subsection 3 of section 2 stood. There was an amendment to add the words, "if so determined by the court," so that it would not follow as a matter of course that failure on the part of the farmer to carry out any of the terms of the proposal would be deemed to be an act of bankruptcy, but that it should be determined by the court. I think the amendment has been put through.

Mr. COOTE: Will you please read the amendment, Mr. Chairman?

The CHAIRMAN (Mr. Hanson, York-Sunbury): The amendment was carried, as I understand it, the other day. The amendment that has just been handed to me is the same. It is that subsection 3 of section 2 be amended by adding at the end thereof the words, "if so determined by the court."

Mr. COOTE: I really feel that the section ought to be amended by striking out subsection 3. I do not know whether the Prime Minister would consider doing that, but I think that is really the way the section should be amended. If subsection 3 is to remain in the section, I doubt whether the amendment moved by the Prime Minister is definite enough. I do not think there is anything in the act to guide the judge as to the basis on which he shall make his decision as to whether the farmer shall come under Part I of the Bankruptcy Act if he fails to meet any of his liabilities. Once any farmer makes a proposal for the composition or arrangement of his debts he will very likely be compelled to go through with it, and if the arrangement that he suggests is not acceptable to any of his creditors any one of them can have the matter referred to the provincial board of review. On this board there is to be a judge, a representative of the debtors, and a representative of the creditors. There is no doubt at all as to the view which the representative of the creditors will take in almost every case. I think we can take it for granted that the representative of the creditors will naturally seek to have the farmer bound to pay under the arrangement the very maximum which he thinks it is possible to get. It is very difficult indeed to get a person to represent the debtor's viewpoint as faithfully as the representative of the creditors will represent their viewpoint. We know that from experience.

Mr. BOWMAN: Why should that be so?

Mr. COOTE: That has been our experience in the past. The debtor's representative looks at it more in a disinterested way. That has been our experience. I have seen men on the debt adjustment board who it seemed to me in some cases were inclined to favour the creditors' case more than the debtor's; at least they would lean that way. The judge, I think, in most cases is apt to adopt a legal or technical attitude and to be bound by the law. I do not think a judge's experience particularly fits him as a rule, for seeing all the difficulties from the debtor's point of view. The debtor will not be present personally, I take it, before the board of review. Any such arrangement can be brought before the provincial board of review and once the board of review has given its decision the act says that there is to be no appeal from it, and the farmer is bound to sign any documents or papers which may be drawn up in connection with carrying out the arrangement which has been determined by the provincial board. That being the case I think we should be very careful to safeguard subsection 3. It reads now:

In any case where the affairs of a farmer have been arranged by a proposal approved by the court or confirmed by the board—

That is the board of review:

—Part I of the Bankruptcy Act shall, notwithstanding section 7 thereof thereafter apply to such farmer and failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy.

The farmer for the rest of the time that he continues to farm, and it may be all his life, will be in a different position with regard to bankruptcy, from any man who has not had such an arrangement of his affairs. The very first year after the arrangement he might have a crop failure; there might be a drought, or the man might be sick and be unable to work his farm, and then immediately he comes under Part I of the Bankruptcy Act if so determined by the court. That is, his failure to carry out the terms of the agreement will be an act of bankruptcy, if so determined by the court. Even under the best of circumstances it seems to me that if this is to be determined by the court there should be some basis laid down to guide the court so that it would know on what principle to base its decision.

First of all I would like the Prime Minister to consider striking out subsection 3. I cannot see that striking it out would weaken the act in any way. I do not think it would affect the farmer's liability to pay his debts for he would be in the same position as any other farmer who could be compelled to pay his debts. But if there is a good reason for exempting farmers in general from Part I of the Bankruptcy Act, I do not think that failure to meet any of his obligations under this arrangement should immediately make that farmer subject to the terms of Part I of the Bankruptcy Act.

If the Prime Minister will not agree to striking out subsection 3 I suggest that he might enlarge the amendment he has proposed, to read something like this:

Provided that such failure was not caused by crop conditions or depressed prices or, without being restricted by the foregoing, by other causes over which the debtor had no control.

If those words were added to the subsection it would be a guarantee to the house that the farmer would not be forced under part 1 of the Bankruptcy Act through, as I have said, a crop failure, depressed prices or other conditions over which he had absolutely no control. If it is the purpose of this bill to

keep a farmer on his farm, I think we should either strike out this subsection or amend it as I have suggested. I should like to know if the Prime Minister would not consider changing subsection 3 in the manner I have suggested.

Mr. BENNETT: The basis of this legislation would be destroyed if that subsection were taken away. Section 7 of the Bankruptcy Act exempts a farmer from its provisions; this bill gives him the benefit of those provisions without assigning or without being adjudicated a bankrupt. Having secured an arrangement and an extension having been agreed upon or settled by the court of review, if there is nothing in the provisions to indicate that failure to observe the arrangement made shall constitute an act of bankruptcy, then the whole basis of the legislation disappears. You cannot have it both ways. You cannot have the benefit of the Bankruptcy Act under our jurisdiction to deal with property and civil rights without having a corresponding obligation that the failure to maintain the agreement arrived at shall constitute an act of bankruptcy. I was impressed with what was said the other day by the hon. gentleman opposite and to my right and realized that it was perfectly sound to provide that crop failures, climatic conditions and depressed prices should be factors to enter into the determination by someone as to whether the default is excusable or inexcusable. If excusable, then it does not constitute an act of bankruptcy; if inexcusable, it can be determined only by a judge in any event. I am sorry to say to the hon. member for Macleod (Mr. Coote) that that is as far as I can go and still maintain the jurisdiction of this parliament to deal with contracts, property and civil rights and questions of arrangements made between creditors and debtors.

Mr. COOTE: I should like to know where there is anything in the bill to indicate to the judge whether he should determine that a man should come under Part I and whether his failure should be deemed an act of bankruptcy. We have the Prime Minister's (Mr. Bennett) statement, but as far as I can see there is nothing in the bill to indicate to the judge that that is the intention of parliament.

Mr. BENNETT: I do not desire to prolong the discussion unduly but I endeavoured the other day to point out to the committee that Part I of the Bankruptcy Act deals with bankruptcy and receiving orders. Section 3 gives a long list of what constitutes acts of bankruptcy. The judge, in determining whether or not he should adjudicate a defaulting party to this agreement as a bankrupt, would consider the whole condition of the applicant or the insolvent. The fact is that in every one of these cases that will have to be dealt with an act of bankruptcy has been committed, otherwise this would not apply. He is now getting away from the results of that act by availing himself of the provisions of this bill. If a judge so determines that he shall be given a second chance, the inevitable result follows only when that determination has been made by a judge.

Mr. REID: When a farmer makes a composition under this bill and endeavours to set himself up again to continue his life on the farm, he would probably apply to the farm loan board. I was wondering what would happen in those provinces where there is no farm loan board. Would a man in that case be able to come under the provisions of Bill No. 92?

Mr. BENNETT: He certainly would come under the provisions of Bill No. 92 but his ability to secure money would depend upon the provincial body which was functioning instead of the dominion body in that particular province. That would be a matter between the farmer and the provincial body because the farm loan board would not be transacting business in that particular province. Judging by what has been said in some communities, it is not improbable that he would be able to secure more generous terms from the provincial body than he would from the dominion board, although I am not expressing an opinion in that connection.

Mr. MOTHERWELL: I should like the Prime Minister to make something a little more plain to me. I should like to know what will be the effect of the amendment and how the section will read when the amendment is incorporated.

Mr. BENNETT: This bill is based upon the assumption that without assigning or being adjudicated a bankrupt a farmer unable to pay his debts may avail himself of what I would call the general provisions of bankruptcy, that is, arrive at an arrangement with his creditors by which they would not be able to proceed against him during the life time of the agreement or while its provisions were being met. On the other hand, he will be enabled to keep himself free, shall I say, from suit by having execution issued against him or anything of

that sort. The act as it reads provides that in the event of his failure to discharge his obligations under the compromise agreement, by reason of that fact he would be a bankrupt and the provisions of Part I of the Bankruptcy Act would apply to him, even though he were a farmer. Objection was taken to that the other day and it was pointed out that great hardship might be worked in the event of climatic conditions preventing a farmer from reaping a harvest or depressed prices preventing him from making a profit. I suggested that we add to the subsection such words as would prevent him from being ipso facto a bankrupt. He could be adjudged a bankrupt for failure to discharge his obligations under the compromise agreement only if the court so determined. In other words, default on his part to carry out the compromise agreement should not in itself render him a bankrupt; a judge would have so to determine before he would be a bankrupt in law and in fact. Having endeavoured to enable the farmer to secure the benefits of the Bankruptcy Act by interfering through legislation with contractual obligations, with property and civil rights, the basis of this legislation is that it shall not be a permanent incentive to him to escape the discharge of the obligation which he has thus undertaken, but rather that his ability to do so shall constitute an act of bankruptcy. Have I made myself clear?

Mr. MOTHERWELL: Yes, thank you.

Mr. RALSTON: I do not think that the amendment which is suggested accomplishes the purpose which the Prime Minister has in mind. The section states that if a man has entered into an arrangement with his creditors and has undertaken certain obligations as part of that arrangement, he will then be subject to Part I of the Bankruptcy Act. It is not his failure which subjects him to Part I of the Bankruptcy Act but the fact that he has made a proposal. It then goes on to state that the failure of the debtor to carry out the proposal shall be deemed an act of bankruptcy. The Prime Minister suggests adding the words, "when so determined by the court." Now I submit that those words do not add anything at all to the section, because Part I provides for acts of bankruptcy being taken into consideration by the court, and you always have to have the court determine whether an act of bankruptcy has been committed. I think therefore that the section as it reads now, and even with the Prime Minister's amendment, will mean that a man who has entered into a proposal and undertaken certain obligations becomes liable under Part I of the Bankruptcy Act, and that provides that certain things are acts of bankruptcy and involve the determination of the quality of those acts by the court itself. So I submit that adding the words "when so determined by the court" does not get us further along the road which the Prime Minister desires to travel.

The other point I want to make is this. I doubt whether after all this is beneficial to the persons for whose benefit the act is being passed, even if the Prime Minister went further and made it clear in his amendment that the failure of the debtor to carry out one of the terms of the proposal should not be deemed an act of bankruptcy unless the court, in the exercise of special discretion, so decided. It seems to me that the insertion of words making it clear that the failure to carry out the proposal is not necessarily an act of bankruptcy will make creditors that much more reluctant to afford credit to the farmer. They will say, "What happens is this. We give credit to the farmer. We know there is an act in force which permits of compromise but we know further that even after he has agreed to the terms, or after the board of review has ordered that it shall be effective, the farmer has no incentive to carry it out, because even if he does not carry it out his failure may not be deemed an act of bankruptcy." I question therefore whether, in the interests of the class whom we are trying to benefit, the insertion of some clause negativing the idea that failure to carry out the obligation is an act of bankruptcy will be useful and beneficial to those for whom its remedial provisions are intended.

Mr. BENNETT: As to the first point made by the hon. gentleman, he will realize that it is absolutely essential that in some way the jurisdiction of this parliament be established. We are now dealing with a farmer who has not assigned and who has not made any application, nor has anyone else made any application, to have him adjudicated a bankrupt. How does the jurisdiction of this parliament arise? We have exclusive jurisdiction over bankruptcy, the provinces over all matters that affect his ordinary life—buying credit and matters of that sort. We say that once he makes an agreement we will give it the authority of this Bankruptcy Act in order that, with the blessing of this act, our jurisdiction may be clear. In any case where the affairs of the farmer have been arranged by a proposal approved by the court or confirmed by the board as hereinafter provided, Part I of the Bankruptcy Act shall, notwithstanding section 7 thereof, apply to such farmer. That

is to say, when we have given him the benefit of the act by effecting a compromise which has been approved either by the court or by the board, he is then in fact a bankrupt who is making a distribution of his property over a term of years; that is, by making it productive to pay his debts, and therefore he is subject to the provisions of the Bankruptcy Act. That does not mean anything except to say that he is a bankrupt, which is the basis of his making application. But when you proceed from there on, you will see the reason why the objections made by those opposite and to my right have some force. We get the act applied notwithstanding section 7. Now section 7 is of course well known to all members of the committee. It says that:

> The provisions of this part shall not apply to wage earners or to persons engaged solely in farming or the tillage of the soil.

So that the farmer cannot under any circumstances, under section 7, be made a bankrupt. That is clear law. Under these circumstances, how are we to arrange for a compromise for him? It is perfectly obvious that, at common law, unless everyone agrees, anyone may maintain an action and secure execution against him, because there is no such thing as a majority ruling with respect to the determination of extension of time or deed of composition. How will you make it apply? There is only one way, and that is to use the Bankruptcy Act, over which this parliament has exclusive jurisdiction; and the only way to do it is to bring the farmer within its powers. But you do not bring the farmer within its powers, to enable him to be convenienced by it, unless the arrangement he proposes, which he has agreed to or which has been approved, falls down. That is the reason the words are there. First we have a proposal and an acceptance, and approval (a) by the court, or (b) by the board of review. That means a compromise which at common law would not be effective for the reason we all know as lawyers; unless everyone agrees there can be no such thing as compromise between debtor and creditor. Then we save him by saying that that makes the provisions of Part I, to which I have referred, applicable to him. The long list of acts that constitute acts of bankruptcy as against him do not apply under section 7, but we bring him under the provisions of Part I, for the reasons I have indicated, and then say that failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy. To limit the harsh operation of that, the suggestions made the other day, it seems to me, are sound, and therefore we add "if so determined by the court." That is, an act of bankruptcy shall not be an act of bankruptcy unless so determined by the court. The hon. gentleman as a lawyer knows, perhaps better than I do, how difficult it is to deal with this problem—that is, to afford an opportunity for a compromise, to afford an opportunity for agreement for a compromise, that does not involve agreement on the part of the creditors, which is the common law rule and can be made effective only by the Bankruptcy Act. The farmer heretofore has not been a part of it. He now comes into it, but he comes into it only after his compromise has been approved by the court or by the board of review.

That is the reason why this matter, which is the very foundation of this jurisdiction, is not easy; and if the hon. gentleman has any suggestions to make which will meet that situation any more effectively than it is met here, I shall certainly be glad to consider them, because this is a matter that has given us, naturally, a great deal of worry. I do not like to repeat myself so often, but I cannot reiterate too strongly that this is the difficulty: on the one hand, no compromise at common law is possible unless everyone agrees; and on the other hand bankruptcy contemplates a compromise, a distribution of the property of the insolvent among his creditors. Having arrived at a conclusion and brought them all together, where the court approves, if it is a majority agreement, or where the board of review approves, we say, "You are now under the provisions of the Bankruptcy Act," and then follows this statement. But he cannot, for ten or twenty years, keep on laughing at his creditors. We know there are difficulties, and we desire to meet the views as expressed and to make the court the tribunal to determine whether or not what has been done in the way of default constitutes an act of bankruptcy. If it were entirely free from difficulty, I certainly would not have had the paragraph which we have here; but in order to give the farmer the benefits of the Bankruptcy Act, without subjecting him to bankruptcy in the first instance, to enable him to overcome the common law by compromise through the method I have suggested, we have drafted this section.

Mr. RALSTON: My thought was that clause 2, subclause 3 was put there for the purpose not of getting jurisdiction over the subject matter but of providing some sort of incentive to the farmer who had once made a compromise indicating to him he could not do this again and that after he had made his compromise he had to live up to it or be subject to the provisions of the bankruptcy act.

Mr. BENNETT: That is partly true.

Mr. RALSTON: That is why it seems to me, if that was the only purpose of subclause 3, it goes further than the Prime Minister intended. The clause brings the farmer under the Bankruptcy Act for the purpose not only of defining what shall be an act of bankruptcy but of giving a creditor the right to apply for a receiving order in view of the fact the farmer has not paid his bills, one of them being the undertaking he has entered into under the proposal. I thought the jurisdiction was covered by clause 6 which says that a farmer who is unable to meet his liabilities as they become due may do so and so. That, it seems to me, was the well known definition and test whether a man was bankrupt: If you found a man in that condition, parliament had jurisdiction by reason of the fact he was not able to meet his liabilities as they became due.

Mr. BENNETT: But the Bankruptcy Act does not apply to him—my hon. friend has put his finger on the point—until the compromise arrangement is completed and approved either by the court or the board. That is the whole point.

Mr. RALSTON: I understood clause 6 was the operative clause which provided that a farmer who was not able to meet his liabilities as they become due might make a proposal for a composition—

Mr. BENNETT: Yes.

Mr. RALSTON: —that the Bankruptcy Act does apply—

Mr. BENNETT: No.

Mr. RALSTON: —only to such a man and that the act was made applicable by reason of clause 6. Subclause 3 of clause 2 was inserted, as I thought, for a totally different purpose. That is why I pointed out that that subclause had gone much further than the Prime Minister intended and that was the reason he was putting the rider on so that it would read:

> Failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy—

And then the addition:

> —if so determined by the court.

I still think the addition of those words does not affect the purpose which the Prime Minister has in mind because it seems to me Part I of the act cannot apply unless there is a determination by the court; that is to say, the act of bankruptcy is proved to the court and the court decides whether it is an act of bankruptcy. The subclause says that failure on the part of the farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy, with the addition by the Prime Minister of the words "if so determined by the court," but I think he would have to go further and say that notwithstanding there was failure on the part of the farmer it should not be deemed an act of bankruptcy unless the court, taking into consideration all the facts and circumstances and working on an entirely different principle from that on which a judge in bankruptcy generally works, decided it was an act of bankruptcy.

Mr. MOTHERWELL: In the event of the secured creditors being willing to give an extension of time to the debtor can any non-secured creditors press the farmer into a position he does not want to attain, for instance, into bankruptcy? In other words, can a non-secured creditor press a farmer into bankruptcy even though the secured creditors are willing to negotiate with him?

Mr. BENNETT: I am afraid I have failed to make myself clear to this committee.

Mr. MOTHERWELL: Well, the matter is pretty complicated to a layman.

Mr. BENNETT: I agree with that. If the hon. member for Shelburne-Yarmouth is unable to follow me I would not expect a layman to do so, and I attribute the failure to myself and not to others.

Mr. MOTHERWELL: Quite so.

Mr. BENNETT: First may I point out that the foundation of this whole matter lies in the fact that by common law there can be no compromise by a debtor with his creditors unless all his creditors are agreed.

Mr. MOTHERWELL: Secured and unsecured?

Mr. BENNETT: Yes, secured and unsecured. I should like to make that proposition so clear to the committee there can be no doubt about it; in other words, if ninety-nine per cent of a debtor's creditors agree to a compromise, that does not effect a compromise and the remaining one per cent may bring an action, secure judgment and issue execution. That is point number one. Number two is that under the law as it now stands farmers are not under section 7 subject to Part I of the Bankruptcy Act. Number three is that this bill endeavours to meet the situation without putting the farmer into bankruptcy in the first instance and uses the machinery

and power of parliament under its exclusive jurisdiction over bankruptcy to assist in making effective a compromise in which all the creditors do not join and need not join because of the character of the proceeding. The hon. member for Shelburne-Yarmouth is quite right in saying that clause 6 says what might be done; that is, when the farmer is not in a position to pay his debts and desires to make a compromise, his creditors are convened and they put forward a scheme of settlement or compromise.

Mr. RALSTON: Without bankruptcy.

Mr. BENNETT: Yes, that is the point I am trying to make. That compromise would under the common law have no value in the world as being effective among the creditors and clause 2 is the one where we have to provide the jurisdiction required. Even at the risk of wearying the committee I should like to read this. Clause 2, subclause 2 reads:

> Unless it is otherwise provided or the context otherwise requires, expressions contained in this act shall have the same meaning as in the Bankruptcy Act, and this act shall be read and construed as one with the Bankruptcy Act, but shall have full force and effect notwithstanding anything contained in the Bankruptcy Act, and the provisions of the Bankruptcy Act and bankruptcy rules shall, except as in this act otherwise provided, apply mutatis mutandis in the case of proceedings hereunder including meetings of creditors.

I can quite understand the hon. member for Shelburne-Yarmouth assuming that subclause 3 was being used for the purpose he suggests, but I want him to study it for a moment. It reads:

> In any case where the affairs of a farmer have been arranged—

That is the operative word there.

> —by a proposal approved by the court or confirmed by the board as hereinafter provided—

It is quite clear that unless we bring that within the Bankruptcy Act, the common law prevails and the compromise has no value.

Mr. RALSTON: I go back to clause 6.

Mr. BENNETT: But clause 6 has no reference to the Bankruptcy Act; it only enables the conference to take place.

Mr. RALSTON: It has reference to the state of bankruptcy.

Mr. BENNETT: Yes, what by law is one of the states of bankruptcy. After the proposal has been made and approved by the court or board, we have to have something to give authority and power to that settlement to make it legal as against the common law that there can be no compromise. Therefore we say that the provisions of Part I apply and section 7 is no longer operative. The farmer's failure to discharge his obligations under that compromise agreement might continue for a very long time; it might continue without any action being taken, but the suggestion was made the other day of safeguarding this in some way and so we say that that shall not constitute an act of bankruptcy unless so determined by the court.

Mr. BEAUBIEN: Supposing a farmer has obligations to meet and he can meet them only in part; can the mortgagee or the people to whom he owes money apply under this measure to the board of review in order to bring about a compromise or composition, and if they can apply, after that application is made and the composition is brought about, does that man, although not desirous of being a bankrupt, automatically become one unless the court takes all the circumstances into review?

Mr. BENNETT: That is not the case; if the hon. gentleman will look at clause 6 the situation is just the reverse: the farmer makes the proposal. Clause 6 reads:

> A farmer who is unable to meet his liabilities as they become due.

There are other provisions to which reference was made the other day, but the basis of the foundation of jurisdiction is that the farmer makes an application for a composition.

Mr. BEAUBIEN: But under this act he is the only one who can make application?

Mr. BENNETT: Circumstances may arise, as we will see in the bill, in connection with difficulties and differences arising in which a creditor can make a further application, but not the original application.

Mr. BEAUBIEN: Then may I ask the Prime Minister this question. Under certain circumstances, as I understand the bill, the people to whom the farmer owes money can make an application, and the composition is arrived at?

Mr. BENNETT: No.

Mr. BEAUBIEN: His creditors cannot apply under the act?

Mr. BENNETT: The jurisdiction rests with the farmer and not with the creditors.

Mr. BEAUBIEN: The farmer has to make the first move under this bill?

Mr. BENNETT: Yes.

Mr. COOTE: I think it is quite clear that the farmer makes the first move under this bill, but after the farmer makes his proposal

eventually the provincial board has power to make an arrangement and the farmer has no option but to accept it. He must sign any papers he is ordered to sign.

Mr. BEAUBIEN: Then he becomes bankrupt.

Mr. COOTE: No, he does not, but he places himself in the position that if he fails to meet any of the payments which he is obliged to make, that shall be deemed an act of bankruptcy under Part I of the act. That brings me to the statement made by the Prime Minister. I think he made it very clear that the reason for putting in the words he suggested was that if the failure to meet the payments as arranged was due to crop failure or climatic conditions, then the farmer should not be considered a bankrupt, because those were conditions over which he had no control.

Mr. BENNETT: He might not be considered a bankrupt; the court would have jurisdiction.

Mr. COOTE: Those are the reasons the court would take into consideration for refusing to have him deemed a bankrupt. But if that is the reason for inserting these words I really think some suggestion to the judge should be included as well, as to why he should not determine the man to be a bankrupt. There is nothing in the act to guide the judge in refusing to give an order directing that the man is a bankrupt, and I think the amendment I have suggested should be inserted for that purpose. My amendment is that after section 3 we add the words, "provided that such failure was not caused by crop conditions or depressed prices or, without being restricted by the foregoing, by other causes over which the debtor had no control." As I understand it that would leave it to the judge in rendering a decision to say, "Parliament wishes me to be guided by the conditions laid down in the statute. Has the failure of the farmer to meet his obligations arisen through crop conditions or from other causes over which he could have absolutely no control?" In that way I think we would lay down a basis on which the judge could render a decision. It seems to me there is nothing in the act at present to suggest to the judge that if crop conditions were bad he should refuse to adjudge the man a bankrupt.

As I understand the act, and I should be glad if the Prime Minister would correct me if I am wrong, once a proposal is made the provincial board may make the final arrangement. It may be quite different from the proposal of the farmer in the first instance, but on the application of any creditor the provincial board can review the case and decide on the terms of the compromise, and the farmer must accept those terms. Of course the creditors must accept them too, but in making these adjustments no leeway seems to be left to the farmer; it is not anticipated that he will have any equity other than what he is going to pay for under the compromise. It seems to me that unless the farmer has more protection than he is given here he may say, "I might far better remain as I am and still enjoy the privilege of living in my own home, because my only reason for making this compromise would be to try to assure to myself the privilege of living here."

Mr. BENNETT: His exemption is not taken from him by bankruptcy.

Mr. COOTE: No, and his exemption cannot be taken from him by a court of law, but I should like to ask the Prime Minister whether this legislation in any way invalidates the debt adjustment legislation in the provinces.

Mr. BENNETT: No, it would not be competent for us to validate or invalidate it. May I repeat, even at the risk of being tiresome, that legislation enacted by a legislature somehow must fall within the provisions of section 92 of the British North America Act, and be exclusively within the jurisdiction of that legislature. Legislation passed by this parliament somehow must fall within the provisions of section 91, either under the specific heads enumerated or the broad general terms of peace, order and good government in Canada. If we passed an act to attempt to validate what has been done by a province it would be a contradiction in terms, for if the exclusive jurisdiction rests with the province and exclusive jurisdiction rests with parliament—there are two or three matters in which there is concurrent jurisdiction, with which I need not deal—it would follow that an attempt under our exclusive power to validate something that exclusively belonged to a province would be a contradiction in terms.

Mr. COOTE: Has the board of review power to lower the interest rate on a mortgage or other debt that now exists, which the farmer must pay for the years covered by the new agreement?

Mr. BENNETT: I should say the answer would be no; that is dealt with by section 17. My hon. friend is talking about future interest?

Mr. COOTE: Yes. The farmer now has a mortgage bearing interest at eight per cent, we will say. Under this compromise the principal of that mortgage may be reduced, but would the board have power to say that the rate of interest should be five per cent or six per cent or any rate other than that set out in the existing mortgage?

Mr. BENNETT: After the decision of the supreme court the other day it is not contemplated, except to the extent mentioned here, that they may deal with secured and unsecured creditors as well. It does not contemplate the board having power to break a contract, with the exception of the provision under section 17 dealing with the question of interest.

Mr. HANBURY: That would only apply to secured creditors or those having security; it would not necessarily apply to unsecured creditors, who might get any rate of interest or no interest whatever, as the board might decide.

Mr. BENNETT: Offhand one would say, considering the kind of cases that will have to be dealt with, that here the whole arrangement is predicated on the ability of the man to pay. There need be no plan at all. If the board concludes that the man will never pay they should not make an arrangement. This is predicated on the assumption that the man has indicated, by his past history or by his present surroundings and conditions, his ability to pay something. He makes a compromise accordingly, and from what was said the other day by the representatives of the secured creditors, I feel quite certain that in their anxiety to keep the man upon the security, upon the land, they will be most generous in their attitude towards interest rates. Many of them, as I explained to the committee the other day, have already reduced their interest rates, indicating their earnest desire to keep the farmers on the land. I suppose no one wants to keep the man on the land any more than the people who loaned the money to him; surely that would be the case. They are the people who want him to stay there. He wants to stay there, for one reason, to have a home, to make his living and to pay his debts. And they want him to stay there in order that their security may not become useless.

I say to the hon. member for Macleod that we have not undertaken, and I hope parliament will never undertake, to do what is regarded to be of the utmost danger. I will put it this way, that there are those who would say that it would be invalid for us to do it. I tried to explain that, ordinarily, parliament has jurisdiction over interest, but once a contract is made between a farmer and a loan company, or an insurance company, or his neighbour to pay a given rate of interest, that contract is then solely under the exclusive jurisdiction of the province, being a matter of property and civil rights. There are those who say notwithstanding that fact we have a right to say that although one of the terms of the contract is that he shall pay seven per cent we may say that hereafter he will pay only three per cent. But I think legal opinion is that it is not competent for us, that it is no longer a matter of interest, but that it is a matter of a contract between one citizen and another citizen or—if you wish to accept my illustration—between a citizen and a company. And there is no jurisdiction on the part of this parliament then, to interfere with such contract. We think that we have gone as far as we can in section 17. In fact, I do not know whether or not some of my legal friends think that section 17 is wholly within our powers; I think it probably is. We have gone as far as we think we can, to be certain. To suggest that this parliament can pass a statute and say that a contract between Smith and Jones by which Smith agrees to pay Jones five per cent can be changed to an agreement to pay one per cent, in the view of legal men with whom I have discussed the matter is to suggest something that is not within our power. I do not know the view held by the hon. member for Shelburne-Yarmouth but I may say that is the general view among legal friends with whom I have discussed the matter. It would be within the power of the province to do it, and, of course, it would amount to confiscation. The privy council has decided in the Florence Mining case that that is a matter within the competence of a provincial legislature. In that case the mine was taken from one person and given to another, and they were denied the privilege of going to court and issuing a statement of claim. It was held by the privy council that that was a constitutional and valid exercise of the powers of a provincial legislature. My view is that it is not competent for this parliament to interfere with property and civil rights, after a contract has been arrived at.

Mr. NEILL: Do you consider section 17 is within our power?

Mr. BENNETT: I say section 17 is, we think, within our power. We believe it is. I think section 17 is valid, because it refers only to interest and to matters arising solely out of it.

Mr. MOTHERWELL: My right hon. friend must think it is valid or he would not have it in the measure.

Mr. BENNETT: There are doubts. We think it is.

Mr. MOTHERWELL: It may be what may be termed a line question.

Mr. BENNETT: Yes.

Mr. COOTE: I may have misunderstood the Prime Minister, but I thought he said that this parliament had no power to change a contract. From his remarks I drew the inference that we had no power to reduce mortgage interest from eight per cent to five per cent. But I understood it was intended that under this legislation, the provincial board would have power to render a decision in regard to the composition of a farmer's debt, and one of the things it was expected they should do was to write down the capital debt, even in the case of secured creditors. I wish to have that point cleared up.

Mr. BENNETT: The hon. member did not misunderstand me. We have provided in section 3, the one with which we are now dealing, that under certain circumstances the provisions of the Bankruptcy Act shall apply. Last session we enacted some legislation by which we did provide for adjustments with respect to secured creditors. It was contended by very able members of the legal profession that that was beyond our competence. The supreme court unanimously decided that that was within our jurisdiction. I do not know whether the case is to be taken farther or not, but as the law now stands these provisions are predicated upon that decision. As the law now stands we have framed these provisions, and they were framed so as not to be considered in this house until after judgment was given. If the judgment had been adverse I am afraid I should have had to modify them. They do, in terms apply to secured and unsecured creditors, and if the hon. gentleman has before him the statute passed at last session he will see how far we really did go.

Mr. COOTE: If I am correctly informed, in almost all cases where reorganization might be effected under the legislation passed last year the interest on bonds and other securities would be reduced, and it seems to me they are being reduced under the authority of the legislation passed last year.

Mr. BENNETT: But they are not compulsorily being reduced. That is what I have been trying to say to the hon. gentleman.

[Mr. Bennett.]

Mr. COOTE: The bankruptcy court has power to reduce. Not being a lawyer I may be labouring under considerable difficulties. But I should like to be clear in the matter. If we have power to legislate giving the bankruptcy court or any bankruptcy machinery the right to reduce the principal of a debt, surely we have the power to give them the right to reduce the rate of interest which is to be paid by a debtor under a new arrangement. I just wish to find out whether the provincial boards, when they made those final settlements between debtors and creditors which are binding upon all parties, have any authority or power in law to fix a lower rate of interest, which the farmer is assuming under the compromise, than was said to be payable by him under the original contract.

Mr. SPEAKMAN: There is only one point with which I should like to deal. I am sure the Prime Minister will understand our position. As he said, this matter is somewhat involved. Many of us are in the unfortunate position of being laymen, and yet we will be called upon to explain all the minute details of this legislation to those people in our constituencies who may be interested. It is for that reason, among others, that we are endeavouring to ascertain an exact understanding of the legislation.

As I understand it, with respect to the provincial legislation a farmer will have the choice between remaining under the present provision for provincial debt adjustments and coming under the provision of this new federal legislation. He cannot have both. In other words, if he elects to enter into composition under the provisions of the federal legislation he thereby loses any opportunity he may have had to continue under the provincial legislation. I believe that point may have been in the mind of one of my colleagues when he suggested that this legislation would invalidate the provincial legislation. I cannot see that it would do that, but I believe it would give an alternative to the farmer. He could come in under either the provincial or the federal, but he could not come under both. Once he has come under the federal legislation he has placed himself under the terms of federal bankruptcy law, which would override any provincial legislation.

The one point, however, in which I am keenly interested, and which has been discussed at great length, is the question of protection afforded to a debtor after a composition has been entered into and after, for reasons under or beyond his control, he has failed to comply in full with those conditions.

The Prime Minister, realizing the situation, introduced an amendment to-day so far as possible to cover the point. But the difficulty I have in my mind is this: As I understand it the amendment—and I agree with the hon. member for Shelburne-Yarmouth, although it may be presumption on the part of a layman to state whether or not he agrees or disagrees—but so far as I understand the Bankruptcy Act such protection is provided under that act, itself. This goes a little farther than does the act. What I have in mind is this. It is possible, if not probable, that any court before which such a case might be brought might conceive itself bound by the statutory definitions of what constitutes insolvency, and might therefore merely determine whether or not in view of those statutory definitions the debtor was insolvent and therefore subject to Part I of the Bankruptcy Act. I was wondering whether it would be possible to enlarge the section somewhat along this line, that in its determination the court should not be bound by the statutory definitions of insolvency but should have full discretion in dealing with the matter. Otherwise it does seem to me—I speak subject to correction—that the average court would feel itself bound in such a case by the statutory definitions laid down in the Bankruptcy Act itself. That act defines what bankruptcy and insolvency is, and I think that the average judge will feel that he has no choice in the matter except to decide whether the farmer was actually insolvent according to the act itself.

Mr. BENNETT: Mr. Chairman, the hon. gentleman from Red Deer has put the case very clearly from his angle. I can only say to him that if he will look again at subsection 3 of this bill, and then at section 7 of the Bankruptcy Act, and then at section 2 of the Bankruptcy Act, he will have these matters before him. Section 7 says that a farmer shall not be subject to the Bankruptcy Act. Section 2 defines what are acts of bankruptcy. Now this statute says that in the event of a farmer failing to discharge the obligations which he has undertaken, section 7 of the Bankruptcy Act shall no longer apply to him, and failure on the part of the farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy. There has to be failure to carry out any of the terms of the proposal. It has nothing to do with section 1 or section 2 or anything else. It makes it referable only to this one single thing. He cannot be made a bankrupt under section 2 because that is precluded by section 7, but section 7 does not apply when there is failure on the part of the farmer to carry out any of the terms of the proposal. That is what we say in this bill, that failure to carry out any of the terms of this proposal shall be deemed to be an act of bankruptcy if so determined by the court.

My hon. friend from Macleod suggests that we add words to the effect that it shall not be deemed an act of bankruptcy if the farmer's failure to carry out the terms of the proposal should be caused by climatic or economic conditions. Now we have a rule of law, whether it is sound or not, and I suppose laymen will doubt its soundness, that when you mention specific things you thereby exclude the others, and it was because of that I thought it desirable to leave the matter so wide and so clear that when a judge looks at, say, the six terms in the proposal—one relating to production, for example, one with relation to cultivation, one relating to residence, one to the taking of moneys that come from the sale of the crop for tax purposes, and so on—that a breach of any one of these terms shall be deemed to be an act of bankruptcy; if so determined by the court. That is an entirely different thing from the Bankruptcy Act. It is an application of it. Under this statute we say, as was pointed out by the hon. member for Shelburne-Yarmouth, that when the proposal has been approved by the court the operative provisions of the Bankruptcy Act apply when there has been default, shall I say, in any one of the terms of the agreement. Instead of trying to anticipate what the terms would be and what default would be we simply say "if so determined by the court." If there are other words that make the farmer's position safer I am most anxious to adopt them, but I must keep in mind that if I undertake to specify certain things I have excluded those I do not mention, and we may run up against that difficulty in the very first case, whereas, as it stands now, it applies to every possible contingency that can arise in connection with default in relation to any of the terms of the agreement. If there are wider words to be used to indicate a greater discretion, I am content to use them, but frankly I do not know what they are.

Mr. SPEAKMAN: That was the only point in my mind, that the farmer would be subject to Part I of the Bankruptcy Act as soon as the proposal was made, and if he failed to comply with the terms of the agreement the Bankruptcy Act would apply and he would be subject to its terms. Apparently I have not been able to make myself clear, but the one point I had in mind was this:

If the farmer breaks one of the terms of the agreement would the board have any discretion in applying to that case, say, the ordinary rules of insolvency and bankruptcy? Would they be able to say: This man is insolvent because of something beyond his control, and therefore the act does not apply to him, and therefore he should not be deemed insolvent? My impression is that as it stands they would not be able to say that, but would simply ask themselves: Is the farmer insolvent under any of the definitions in the Bankruptcy Act itself? If so, he must be declared a bankrupt and a receivership may be applied for.

My hope was that it might be made quite clear—frankly as a layman I would hardly care to suggest the words to be used—that the judge would be unhampered in his discretion and beyond applying the statutory definition of insolvency he would be able to take into account all these mitigating features and be able to say: There has been a crop failure and therefore we shall not declare you an insolvent, and you will not be open to a receivership. My only desire is to make certain that absolute discretion is given to the court in such cases so that no judge would feel himself bound by the strict letter of the Bankruptcy Act.

Mr. BENNETT: The Bankruptcy Act does not apply to this section.

Mr. SPEAKMAN: I understood the Prime Minister to say that just as soon as the farmer made the proposal he lost his immunity under Part I of the Bankruptcy Act.

Mr. RALSTON: As soon as the proposal is confirmed.

Mr. SPEAKMAN: Yes, as soon as it is confirmed by the court and accepted by all parties the farmer loses his present immunity under Part I of the Bankruptcy Act and is then like any other citizen, but he could not be declared a bankrupt until he failed in the performance of one of the terms of the agreement; but having so failed, then under the amendment which has been moved by the Prime Minister it remains for the court to determine whether the man shall be declared a bankrupt in the ordinary sense of the word and be subject to a receivership.

My point was, and it is so essentially important that I repeat it, that it should be made quite clear in the act that after all the preliminaries have been gone through and the man has failed in one of the terms of the agreement, the court in making its determination shall be able to take into account the mitigating circumstances—hail, for instance, depressed prices, climatic conditions—but without indicating these conditions in the bill, and indicating only that the discretion of the court is absolute in such matters.

Mr. RALSTON: The Prime Minister has mentioned what I said, and I just want to be careful with regard to one thing. I rather think the Prime Minister gave an indication that he felt that after Part I of the Bankruptcy Act applied, the only act of bankruptcy which could be invoked against a debtor was his failure to carry out any of the terms of the proposal. I do not think that is correct, and I think perhaps the Prime Minister used wider terms than he intended to use in that respect.

Part I of the Bankruptcy Act applies in full as soon as the terms of the proposal have been approved, and Part I of that act specifies what are acts of bankruptcy. There are no less than ten different situations which are there mentioned, and under some of them might come a failure to carry out the terms of the proposal. The others are quite apart from that. It seems to me that a farmer, having once agreed to a proposal and having had it confirmed, is subject to a creditor applying under the terms of any one of those clauses in section 3 of the Bankruptcy Act to have him put into bankruptcy. To add to what the hon. member for Red Deer (Mr. Speakman has said, once a judge has before him the fact that there has been a failure to meet an obligation under the proposal I cannot see that he will have any discretion in the matter. Under subsection 3 he must find that the debtor has committed an act of bankruptcy. If anything more were needed and if a creditor were insistent, he could sue the farmer on the instalment of the payment or whatever it might be under the proposal, and obtain an execution against him, have the execution stand unsatisfied for fourteen days after the seizure of the goods, and then proceed under subsection (e) which provides that a debtor commits an act of bankruptcy.

> If he permits any execution or other process issued against him under which any of his goods are seized, levied upon or taken in execution to remain unsatisfied until within four days from the time fixed by the sheriff for the sale thereof, or for fourteen days after such seizure, levy or taking in execution.

Under that subsection it seems to me that there would be very little question but that the judge would be impelled to find that an act of bankruptcy had been committed and that, therefore, the debtor was in bankruptcy. It seems to me that the genus of subsection

3 of the bill is this: The debtor is within the jurisdiction of the bankruptcy court the moment his proposal has been broached and that would give the creditor the right to take action under one of the clauses of section 3 of the bankruptcy act. I would point out that Part I of the Bankruptcy Act does not apply to compositions or arrangements. A farmer would be under the composition and arrangement sections of the Bankruptcy Act because he is not excluded from those by section 7. Part I applies to acts of bankruptcy, petition and receiving order and interim receiver. Having made a proposal and had it approved, in my opinion the farmer would be subject to all the provisions of the the Bankruptcy Act for all purposes.

Mr. BENNETT: I suppose lawyers have differed, hence they have lived.

Mr. RALSTON: That is why we go to the privy council.

Mr. BENNETT: We will see that this does not get that far. Subsection 2 provides that the Bankruptcy Act applies mutatis mutandis but that where there is any conflict between the Bankruptcy Act and this statute, this statute shall prevail. That is, this statute shall supersede the Bankruptcy Act. Section 3 of the Bankruptcy Act has no reference at all to this legislation. If I were asked to name the points upon which I would regard a farmer bankrupt, and if it were desired to do it without any regard to this statute, I would do it under (f), which states that a debtor commits an act of bankruptcy when he ceases to meet his liabilities generally when they become due. In this case his liabilities are specifically indicated in the agreement which he has undertaken and, therefore, he comes within this. However, the point which I have apparently not succeeded in making clear to the committee is this: To found jurisdiction is one thing, to exercise it is another. To found it we must do it on some basis of fact, not of law, and that basis of fact must be that the farmer himself has applied to his creditors to adjust and compromise his obligations. That is a condition precedent to everything; that starts the thing. I think we are all agreed about that. When, having done that, he is able to make an arrangement and ultimately it is settled by the board of review, the provisions of the Bankruptcy Act apply as provided by section 2, that is, the extent to which they are not at variance with this statute. Where they are at variance, this statute prevails. Subsection 3 reads:

> In any case where the affairs of a farmer have been arranged by a proposal approved by the court or confirmed by the board as hereinafter provided, part I of the Bankruptcy Act shall notwithstanding section 7 thereof thereafter apply to such farmer and failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy.

The hon. member's remarks have brought about some doubt as to whether or not that is abundantly clear, although in my mind it is clear enough that the only act of bankruptcy would be the failure to carry out the compromise provided by this bill. That is the whole genius of this legislation. Subsection (f) of section 3 states that the failure to pay liabilities generally as they become due constitutes an act of bankruptcy while this legislation deals with the agreement or proposal. The whole purpose was to make it clear that that was the only provision which would apply, namely, the provision regarding failure on the part of the farmer to observe the terms of his agreement and which, under the general provisions of section 3, would constitute an act of bankruptcy. If subsection 2 is applied to the whole statute I think it will be found that the court would construe those words to mean that an act of bankruptcy must be an act which arises out of the failure to comply with the terms of the agreement. If there is any doubt as to that I should like to have it made abundantly clear.

Mr. COOTE: Do not the first five words of subsection 3 really mean that the farmer would immediately come under the Bankruptcy Act?

Mr. BENNETT: Yes, but the Bankruptcy Act is amended by this bill and this bill has supremacy over the main act. Subsection 2 deals with that and I ask my hon. friend to look at it. It states that the provisions of the Bankruptcy Act shall, except as in this act otherwise provided, apply mutatis mutandis in the case of proceedings hereunder including meetings of creditors. Instead of reenacting the whole thing, we take advantage of the Bankruptcy Act but with respect to this particular thing, we deal with it specifically. If there are words which could be introduced to make it abundantly clear, I am perfectly willing to add them as I am anxious that there should be no doubt about it. I think we can meet the last point raised by the hon. member for Red Deer (Mr. Speakman) and the hon. member for Macleod (Mr. Coote). I would not care to undertake to mention all the circumstances which would release a farmer but I think we could use these words: "Unless in the opinion of the court such act was due to causes over which the farmer had no control."

Mr. HANBURY: I think that would limit it.

Mr. BENNETT: I desire to meet the views of the hon. members if they think it is in the interests of the farmer to say, "over which he has no control." However, I do not think it would be quite as good as leaving it entirely in the discretion of the judge. The hon. member for Red Deer seems to think that the judge might not be aware of all the circumstances.

Mr. SPEAKMAN: He might feel himself bound by the statute.

Mr. BENNETT: Section 3 does not apply and I should like to have it clear that it does not if there is any doubt about it. The only act of bankruptcy which a farmer can commit after he has made an agreement is to make default in his agreement. My hon. friend has stated that that is in contravention of the provisions of section 7. Subsection (f) deals with a man who ceases to meet his liabilities generally as they become due but in this case new liabilities have been created under a compromise agreement and the failure to discharge those would constitute an act of bankruptcy. That is the only thing, but if there is any doubt or if it is felt that it should be made more clear, let us put in the words to make it clear beyond peradventure.

Mr. COOTE: The point I was trying to make was that there is nothing to indicate to the judge why he should not give an order.

Mr. HANBURY: The very fact that it is referred to a judge is sufficient justification.

Mr. COOTE: I do not know why; there may be several reasons. I think the judge himself must always decide even though the act says that certain things constitute an act of bankruptcy. I should like to suggest certain words which were given to me by a lawyer with whom I discussed the matter. The reason I mentioned crop failures and climatic conditions was that they were specifically mentioned on the floor of the house.

Mr. BENNETT: I mentioned them.

Mr. COOTE: I would suggest that after subsection 3, which states that the failure of a farmer to carry out the terms of a proposal shall be deemed to be an act of bankruptcy, these words should be added, "provided that such failure was not caused by crop conditions or depressed prices and, without being restricted by the foregoing, by other causes over which the debtor has no control." Perhaps this would circumscribe the authority of the judge but so far as I am concerned, I would prefer to have these words in. This is the reason which we would give to the judge for refusing to issue an order. These are causes over which the farmer has no control. We do not intend to protect the farmer indefinitely if he will not make some effort, where the conditions are favourable to his doing so, to meet his liabilities. But if there should arise conditions over which he has no control, and if it is impossible for him to meet all the conditions under the agreement, then I think we should make it clear to the judge why we should not issue the order. I should be very glad indeed if the Prime Minister would adopt some suggestion of that sort.

Mr. BENNETT: I do not wish to adopt any provision that nullifies the whole purpose of the act. I do not wish to destroy the foundation on which it is predicated, and it is predicated on the assumption that only by bankruptcy can we do what is proposed. Most lawyers will agree to that without difficulty.

Mr. RALSTON: I think section 6 is sufficient.

Mr. BENNETT: If I were arguing in a court I could make it clear that you have to have something further than that. As my learned friend very properly says, section 6 is put there for the purpose indicated; but we have something else in mind as well. We wish to declare that we have jurisdiction, by providing for bankruptcy; because bankruptcy as a legal fact and as a fact known to all persons are two different things. For instance, I may be a bankrupt; you may say, "Bennett is bankrupt." But I am not bankrupt in the technical sense of that term until the proper proceedings have been taken.

Mr. RALSTON: You have only committed an act of bankruptcy.

Mr. BENNETT: Something that may make me subject to the Bankruptcy Act. The farmer is exempt from it. Now we will let him compromise, which is a violation of the conditions of the common law; and to maintain our jurisdiction and keep him from being sued I make the declaration in section 3, so that the condition of his being sued cannot arise at all. Then, I say, having obtained all the benefits being provided for here, and being protected in this way, if he makes default there must be some limit somewhere; and we overcome that by saying that a judge shall determine it. The hon. member

for East Edmonton (Mr. Bury) suggests that we might meet the situation by providing that it should not be so determined unless it were for causes beyond the control of the farmer. That would mean climate and the general conditions of the world. But, it seems to me, there is a danger in specifying such conditions. I have not practised my profession actively for some years but I think the rule is that if you specify you run the chance of excluding those conditions which you do not specify.

Mr. RALSTON: You would have to begin with acts of God.

Mr. BENNETT: Yes, and the king's enemies, and various forces of that kind. I remember being interested long years ago in a matter of this sort, and because we undertook to specify we found ourselves in difficulties. And that is so here.

Mr. HANBURY: There is one point I have not clearly in my mind in connection with bankruptcy. When a firm goes into bankruptcy a trustee is appointed and he may carry on the business and incur new liabilities which take precedence over his trust. Assuming that there is a similar condition here and that new liabilities are incurred, will they take precedence over the composition, and, if they do take precedence over the composition, could not the new creditor then take action and force the debtor into bankruptcy?

Mr. BENNETT: I think it is only fair to say that this act does not contemplate that condition arising.

Mr. HANBURY: But is it not possible?

Mr. BENNETT: No; there is no trustee in this case. This contemplates the man continuing himself; that is the purpose of the act. The Farm Loan Act contemplates some possibility of his being able to get new capital, but it does not contemplate such a contingency of receivers' certificates taking priority over the original creditors. Will the hon. member for Shelburne-Yarmouth (Mr. Ralston) be good enough to look at the section for a moment, to see whether or not, to remove any doubt, the use of the word "only" after the word "and" and before the word "failure" in line 17 of subsection 3 is desirable, so that it would read:

> And only failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy.

Does the hon. member think that this would meet one of the difficulties mentioned here?

Mr. RALSTON: The first point I made—

Mr. BENNETT: I am leaving that out.

Mr. RALSTON: My first point is that you may be making it harder for the man you are trying to benefit. Perhaps the words "but only failure" might be preferable.

Mr. COOTE: I wonder whether the Prime Minister would accept an amendment somewhat like this. He said that something of this kind was suggested by the hon. member for East Edmonton: "Provided that such failure is not due to causes over which the farmer has no control." I suggest that there should be something of this kind to guide the judge, to give him some idea as to why the matter has been referred to him for decision. Personally I should prefer the wording I suggested before, but if the Prime Minister does not see fit to adopt it he might consider the suggestion I have just offered and which he said was what was proposed by the hon. member for East Edmonton (Mr. Bury).

Mr. BENNETT: The hon. member for East Edmonton suggests: "Unless in the opinion of the court such act was due to causes over which such farmer had no control."

Mr. COOTE: That is the idea.

Mr. BENNETT: That is as as far as we can go without bringing ourselves within the rule that to mention specific causes is to exclude others in the same class. The suggestion is that, in order to meet the situation, the word "and" in line 17 be struck out and the words "but only" substituted therefor: "but only failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy." We shall have to add the words: "provided that such failure shall not be deemed to be an act of bankruptcy unless in the opinion of the court such act was due to causes over which the farmer had no control."

Mr. HANBURY: Not sufficient control; he may have some degree of control.

Mr. BENNETT: No effective control.

Mr. SPEAKMAN: Would that not be for the judge to determine?

Mr. STITT (Selkirk): Am I to understand that the words mentioned by the Prime Minister are being added? I should like to see them added, because I think they make it abundantly clear and give the judge absolute discretion. I approve the suggestion.

Mr. SPEAKMAN: That should pretty well cover the point. Under the former amendment all that the court could determine was whether the farmer had fulfilled the

obligations of his agreement; that being determined, no mitigating cause could be taken into account. Under the present wording some discretion is given.

Mr. BENNETT: Would the committee bear with me, listen to this and see if it meets the situation? After the word "bankruptcy" add:

Provided that such failure shall not be deemed an act of bankruptcy unless in the opinion of the court such act was not due to causes over which such farmer had no control.

My hon. friend suggests "effective control." "No control" are words used in law and they have been construed by the courts. Will that meet the views of the committee?

Mr. GUTHRIE: Or "causes beyond the control of such farmer."

Mr. BENNETT: The Minister of Justice suggests:

Or "causes beyond the control of such farmer."

That may be better.

Mr. HANBURY: The question of control would still be within the opinion of the judge, would it not?

Mr. GUTHRIE: Yes.

Mr. BENNETT: Yes. Then it might read:

Provided that such failure shall not be deemed an act of bankruptcy unless in the opinion of the court such act was not due to causes beyond the control of such farmer.

The CHAIRMAN (Mr. Smith, Cumberland): Mr. Guthrie moves that subclause 3 of Clause 2 be amended by striking out the word "and" in the seventeenth line and substituting therefor the words "but only" and by adding the following after the word "bankruptcy." the last word of the subclause:

Provided that such failure shall not be deemed an act of bankruptcy unless in the opinion of the court such act was not due to causes beyond the control of such farmer.

Mr. BENNETT: I think that covers it.

Mr. RALSTON: Just to make it a little clearer might I suggest that the word "if" be substituted for "unless" and that the word "not" be struck out. Then you would strike out two negatives and have the positive declaration, "if in the opinion of the court such act was due to causes beyond the control of such farmer."

Mr. BENNETT: I thank the hon. gentleman; that makes it better.

Amendment agreed to.

[Mr. Speakman.]

Mr. LUCAS: There is another point on which I should like a little information. I understand that a farmer who is insolvent will not come under the provisions of this bill. This morning I handed the Prime Minister a letter I received from a farmer who declared that he was hopelessly insolvent, and who wanted to know if this bill would give him any assistance. To-day a farmer who is insolvent requires from $100 to $150 to go into bankruptcy. Many farmers simply cannot raise that money, and I was wondering whether under the provisions of this bill, by which we are providing without cost official receivers and boards of review for the benefit of those farmers who may come under the act, these insolvent farmers might not have their cases reviewed so that, if they are found to be hopelessly insolvent, they might be put through bankruptcy without the cost that is now entailed. These men cannot raise the money necessary to go through bankruptcy and they find themselves chained, as it were, almost as slaves. They are unable to get rid of this debt and start up afresh. I am sure that if some means could be provided whereby they could be relieved of this burden many of them would make a fresh start with at least some hope of making a livelihood.

I want to congratulate the Prime Minister on bringing in this legislation. I think it is very badly needed and will afford a great deal of relief to those who are able to come under the provisions of the bill. But I think hon. members, especially those from western Canada, will agree that many farmers in the west are hopelessly insolvent, and they will not get relief so long as they remain in that condition.

Mr. BENNETT: The reason I answered the hon. gentleman as I did with respect to the case which he suggested might come within the provisions of the statute was that I had regard to subsection (9) of section 12, which reads:

The board may decline to formulate a proposal in any case where it does not consider that it can do so in fairness and justice to the debtor or the creditors.

In the case suggested by the hon. gentleman the debtor indicated that he owed $6,000 or $7,000 and had no assets at all. In that case obviously no plan would be formulated; I think that is reasonably clear, but there is no doubt that every farmer in occupation on the land may make application. The farmer starts it; it is for him to determine whether or not he shall do so and thereafter, as mentioned in section 6, the matter follows the

course I have already indicated. I do not see that anything further can be done for bona fide farmers than is being done under this act.

Mr. LUCAS: I wondered whether, through the officials set up under this bill, such farmers could not go through bankruptcy without a charge of $150, which it is impossible for them to raise.

Mr. BENNETT: The farmer cannot be put into bankruptcy, nor can he receive the benefits of the Bankruptcy Act unless he comes within this act. Section 7 of the Bankruptcy Act, as it stands to-day and has stood for many years, prevents the farmer from taking advantage of that act.

Mr. LUCAS: Unless he applies for it?

Mr. BENNETT: No, he cannot become a bankrupt.

Mr. STITT (Selkirk): I think the last speaker is referring to this as the Bankruptcy Act; I think the point he is trying to make is that a great many farmers will not have money with which to pay counsel.

Mr. BENNETT: They do not need counsel in this case.

Mr. SPEAKMAN: I think the point is quite clear, but I do not see how it would come under this act which is to keep farmers on the land rather than to help them off it. Did I understand the Prime Minister to say that under the terms of the Bankruptcy Act at the present time a farmer could not make a voluntary assignment?

Mr. BENNETT: A voluntary assignment is another thing altogether.

Mr. SPEAKMAN: I think that was the point the hon. member for Camrose had in mind, that those who wished to go into voluntary assignment were unable to do so because they could not meet the cost of $100 or $150 which is involved under the present act. The suggestion, in which I certainly concur, was that some machinery might be provided, possibly using the officials established under this act, by which the official trustee would be able to carry out the voluntary assignment so that the man could be placed in bankruptcy without the necessity of meeting the charge that has been mentioned.

Mr. BENNETT: As a matter of fact the statute of limitations is the best cure for most cases of that kind. As it now stands this act could not deal with those cases.

Section as amended agreed to.

On section 8—Valuation of securities of secured creditor.

Mr. GUTHRIE: With regard to clause 8, a new clause has been drafted. I beg to move:

That clause 8 as printed in the bill be struck out and the following be substituted therefor:

8. Whenever a proposal relates to the rights of a secured creditor or of a person who has acquired movable or immovable property subject to the right of redemption, such creditor or person may value his security and shall be entitled to vote only in respect of the balance of his claims after deducting the amount of his valuation provided, however, that no proposal shall be approved by the court which provides for the payment to such secured creditor or such person on account of such security of any amount in excess of his valuation, or for granting to him any new security for an amount in excess of his valuation.

The only change in the clause is the addition after the word "creditor" in the second line of the words:

Or of a person who has acquired movable or immovable property subject to the right of redemption.

And in the next line the addition of the words "or person" after the word "creditor."

Amendment agreed to.

Section as amended agreed to.

On the preamble.

Mr. STITT (Selkirk): Am I to understand that legal machinery is provided by which the farmer may take advantage of this act? Are there any provisions in the act giving the farmer legal aid without expense to him, in order that he may secure the benefits afforded under this act? For instance, we have provided counsel for returned soldiers applying for pension; is something like that being done under this act? I think that was the point brought up by the hon. member for Camrose (Mr. Lucas); I think he had in mind that there would be a great many farmers without ready money available with which to employ counsel. I wondered if there was any provision for legal aid for the farmers and, if there was not, if the government would consider that point.

Mr. BENNETT: I made it very clear—the hon. member could not have been in the chamber—that this act was framed in very simple terms. All a farmer has to do is indicate that he is unable to meet his obligations; then the official receiver who is appointed for each constituency takes up the matter and the costs incidental to it are charged against the consolidated revenue fund. The farmer escapes any costs.

Mr. REID: Did the Prime Minister look into the question as to whether or not those people under the farm loan board or soldier settlement board could take advantage of this legislation?

Mr. BENNETT: I am not clear as to whether they could or not, without divesting the crown of some of its present authority under the act. I did endeavour to present the matter to one of the officials of the Department of Justice, but I did not succeed in doing so because he was otherwise engaged at the time. I think, however, that it would be extremely doubtful as it now stands.

Mr. NEILL: Would it not be desirable?

Mr. BENNETT: Well, that brings the crown into the position of dealing with a question of compromises, having already remitted $85,000,000 in connection with these matters. But I do not think that at the moment it is desirable. I am not sure, but that is my present view.

Mr. COOTE: May I refer to a matter which was mentioned by the hon. member for Selkirk? I believe there really is some necessity in certain cases to have counsel for the farmers, if we expect any great number of them to take advantage of the legislation. It is true that the farmer may make his own proposals for the composition of his debt, but it is also true that any one of his creditors may appeal to the provincial board. The board then has power to review the whole case and to fix the terms of the composition or arrangement. As I said before, the farmer must accept that arrangement. On the board of review there will be a representative of the creditors. We can take it for granted that the creditors will see that they have high priced and very capable men to look after their interests. But I do not see how we can ensure that there will be representatives for the debtors who will take the same intelligent interest in their cases. Such a person could not be as well posted in the cases of individual farmers. The representative of the creditor would be well advised because in every case the creditor concerned would take the trouble to see that counsel was well advised and that his case was well presented. But I am afraid that the representatives of the debtors will not be in that fortunate position, even if they wanted to do the very best they could for the debtors.

A remedy for this condition may appear to the Prime Minister to be somewhat difficult, and he may think we are asking too much. I believe however that in many cases the debtor will be in the hands of counsel, just as applicants for pension are in the hands of counsel when they come before the pensions board. I should be very glad indeed if the Prime Minister would give some consideration to the proposal to make it possible for the farmer to have the advantage of counsel.

Mr. BENNETT: My own view is that the farmer would be infinitely better if he presented his own case before a tribunal than he would be with the aid of counsel. He will make the statement of what he has got, what he can do, and demonstrate his capabilities and capacity to meet the situation which has arisen. If he cannot get more sympathy from a court than he can get from a lawyer, I greatly mistake his position.

Mr. COOTE: It would be all right if the farmer could appear before the board of review, in the event of that board travelling around as does the pensions board. In that way the farmer could appear before the board and state his own case.

Mr. BENNETT: We contemplate that.

Mr. COOTE: I did not understand that that would be done. I do not suppose that the board of review will see the farmer or hear his own side of the case. It would have nothing but the farmer's statement, and the case presented by the representative of the debtor who, perhaps, might act in a hundred cases. He would represent the cases of hundreds of debtors, and I do not think he would be able to look after the debtors' interests as well as the representative of the creditors would look after the creditors' interests. Unless the judge happened to be a man inclined to take the human view of a case I am afraid that the decisions, in the great majority of cases, would be inclined to favour the creditor rather than the debtor.

Preamble agreed to.

Mr. BENNETT: In view of what was said the other day as to the superior court of the province of Quebec being neither a district nor a county court, I move:

That section 5 be struck out and the following substituted therefor:

5. (1) In the case of any assignment, petition or proposal in the province of Quebec, the superior court of the judicial district where the farmer resides and in other provinces the county or district court shall have exclusive jurisdiction in bankruptcy subject to appeal as provided in section one hundred and seventy-four of the Bankruptcy Act.

(2) The superior, county or district court judge shall exercise the powers vested in the registrar by section one hundred and fifty-nine of the Bankruptcy Act.

(3) The prothonotary of the superior court and the clerk of the county or district court shall perform all the duties of the registrar, except his judicial duties.

It is contemplated that if necessary the court may move from place to place for the purpose of dealing with these matters.

Amendment agreed to.

Section 5 as amended agreed to.

Mr. BENNETT: It will be remembered that the right hon. leader of the opposition asked that we add a clause at the end of the bill to provide that a report be made by the minister to parliament of the expenditures under the act, so that we might be able to have the matter in mind. It will be observed that under section 16 the Minister of Finance is charged with the responsibility of administration. With that in mind I move:

That section 16 be amended by adding thereto the following subsection:

2. The minister shall at the end of the fiscal year prepare a report of expenditure incurred and of proceedings taken under this act shall lay the same before parliament forthwith, or if parliament be not then sitting, within fifteen days after the commencement of the next ensuing session.

Mr. NEILL: The amendment requires a report only as to expenditures made. Would it not be desirable to have a general report as to the working of the legislation?

Mr. BENNETT: I would call the hon. member's attention to the words "proceedings taken."

Mr. NEILL: I was mistaken. I thought it was a report as to expenditures only.

Amendment agreed to.

Section 16 as amended agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time?

Mr. BENNETT: Next sitting.

Some hon. MEMBERS: Now.

Mr. COOTE: I do not wish to object to it being read, but I should like to have an opportunity to read one of the amendments presented to-day.

Mr. BENNETT: Very well, next sitting.

CANADIAN FARM LOAN ACT

PROVISION TO FACILITATE AND INCREASE EXTENSION OF CREDIT TO FARMERS

The house resumed from Monday, June 11, consideration in committee of Bill No. 93, to amend the Canadian Farm Loan Act—Mr. Bennett—Mr. Fraser (Cariboo) in the chair.

On section 5—Conditions for loans.

Mr. REID: I have a suggestion to make to the Prime Minister. Those who are under this act will not be able to take advantage of Bill No. 92 which we have just passed, according to the interpretation that was given by the Prime Minister, and I think some consideration should be given to those who are carrying the load under the farm loan act, and if at all possible the interest rate should be reduced. We have a federal post office savings bank in this country paying 2½ and 3 per cent interest, and I do not see why that money could not be loaned to the farm loan board, the two interest charges amounting to 4½ or 5 per cent. No farmer can afford to pay 6 per cent. I make that suggestion on behalf of those who are carrying the load and who do not come under the bill we have just passed. This bill gives to the farm loan board further security but very little help to those who are burdened with loans they have obtained under this act.

Mr. BENNETT: All I can say is that you cannot get money to lend on farm loans in this country at 2½ or 3 per cent. The farm loan act provides that the moneys loaned should be loaned at 1½ per cent more than is paid for the money. If the money is borrowed at 3 per cent the farm loan board lends it at 4½ per cent. The farm loan board is not the government by any means, nor is the government the farm loan board. The farm loan board exercises an independent jurisdiction and makes its loans without reference to the government or anybody else, but the government has so far bought about ten million dollars of securities issued by the farm loan board to put it in funds to make the loans. The provision here is to enable an increase in the sum to be loaned in order that we may take care of those who have no capital, and we are dealing with that in section 9, making it a little more specific than it now is about supplementary advances.

I can only say that it would be quite impossible to take the money out of the post office savings banks and lend it on farm loans. If we did we would have a situation in this country that other countries have

had, namely, frozen assets with which to meet the demands of depositors for their money. As it now stands, we have to maintain ten per cent in gold, metallic coverage, for post office savings, and that has been the law in this country for a very long time in order that post office savings may always be available to depositors who desire to get them. Depositors have to give so many days' notice of their intention to withdraw.

Mr. MacLEAN: In connection with this bill and the bill we have just been considering I am afraid there is not very much relief being afforded to the farmers of Prince Edward Island because the farm loan act has never been made operative in our province. Many of our farmers would like to obtain some new money at a lower rate of interest, but I think in this bill or in the other bill it is provided that a farmer can obtain immediate assistance in the way of an additional loan through this act only if he is paying an interest rate of over seven per cent. Is not that correct?

Mr. BENNETT: That is not it. Section 17 of the act we have just passed is what the hon. gentleman had in mind.

Mr. MacLEAN: Down in Prince Edward Island seven per cent is the highest rate of interest that is charged on any mortgages out at the present time, and possibly a lot of mortgages are out at six per cent, so the provision in this act whereby only those who are paying an interest rate of over seven per cent can avail themselves immediately of its provisions would not be of very much help to our farmers even if the act were brought into effect in our province.

There is another point. It is really too bad that this legislation cannot be made effective in all the provinces. I do not suppose parliament can force any province to adopt the legislation, but an effort should be made to treat every province alike, and every inducement should be held out to the local governments to embrace this legislation. If anything could be done to induce the province of Prince Edward Island and others who are not under the scheme to come in, it would possibly help out if, as I have said, the rate of interest mentioned in the bill were changed to suit maritime conditions.

Mr. LUCAS: I think the time is coming when drastic action will have to be taken to bring about a lower rate of interest, because agriculture cannot continue to carry on at the present rate of interest or even at six per cent. I had a letter this morning protesting against this legislation if the interest rate is going to be on a six per cent basis. They are now paying six per cent to the farm loan board, and there is an amortization clause whereby they pay an extra two per cent, so that if a farmer is to keep up his contract he has to pay eight per cent. I think everyone is agreed that eight per cent cannot be paid, especially under the conditions that have existed for the last few years. If the farmer gets behind in one of his payments, he is charged eight per cent on the overdue account. Bill No. 92 which we have just passed will no doubt bring a great deal of relief by the composition of debts, but in my opinion, if it is to be a success, the farmer must be in a position to meet the new arrangement, and his ability to do that will depend largely on the rate of interest he has to pay.

I might add that a more sympathetic attitude on the part of the farm loan board, especially provincial boards, is very much needed. I confine my remarks in that respect entirely to the provincial boards because I have always received very courteous treatment from the commissioner and the officials in Ottawa, but I cannot say the same of the provincial boards. There is a great deal of dissatisfaction with their administration.

Twenty years ago the United States sent a commission to Europe to study rural credits. Mr. Harvie Jordan, who was one of the commissioners, after a study of the situation, said:

> Every European country for the past half century had given every possible assistance to the development of agriculture.

He found that in Europe farmers secured loans at four per cent while commercial loans ran from five to six per cent. That is just the reverse of the practice in this country and the United States, where commercial loans are made at cheaper rates than agricultural loans. In 1894 France passed the first fundamental law creating machinery for agricultural credits. Two years later, when the charter of the Bank of France expired, it was renewed only on condition that the bank advance to the government forty million francs free of interest to be used in subsidizing rural credit banks. It also stipulated that the bank should pay annually a sum calculated at one-eighth of its circulation, said sum to be not less than two million francs, for the same purpose. We are extending the charters of our banks for another ten years and I was wondering whether a clause of that kind should not be inserted. It was stated also by Mr. Harvie Jordan that loans to agricultural cooperative societies in Europe were made at rates as low as two per cent. As I stated before, the

farmer in Canada cannot continue to pay the high rates of interest which are being charged.

While I am on my feet I should like to refer to the complaints being made with regard to the administration of the Canadian Farm Loan Act. We are amending this act and I think we have some right to say under what regulations or under what conditions the provincial boards shall carry on. Farmers complain that they do not even get copies of their mortgages. As the Prime Minister knows, very often payments in western Canada are made by the delivery of grain. In the last few years when a farmer got behind the board demanded that he should sign a contract to deliver one-third or some other fraction of his crop. There is a great deal of dissatisfaction in connection with this delivery of grain as to what authority the board has to hold or sell the grain. I know of one case in September, 1931, where the board seized three hundred acres of crop for the payment of $294. When the crop was threshed the farmer had 4,300 bushels of wheat and 3,300 bushels of oats besides his green feed, and yet the whole crop was tied up from September to November. Through his solicitor the farmer delivered 1,000 bushels to the sheriff on November 14. At the price of grain prevailing on the day the tickets were delivered, this represented sufficient to cover his payments. Instead of selling this grain, the board held it and acknowledged receipt on December 4, two weeks later, when there had been a further drop in the price of grain. In January they wrote to the farmer to find out what he wished done wtih the grain and he wrote back stating that he expected to get the price prevailing on the day the grain was delivered. The grain was held for eight and one-half months during which time the price continued to drop. It was finally sold by the board at a considerable loss to the farmers. I took up this case and after a great deal of negotiation an adjustment was recently made of approximately $100. I am doubtful whether this man is going to be satisfied as there was a period of two weeks during which a considerable drop occurred in the price of grain.

I have another case where a farmer delivered grain in April of this year on the understanding that if, when it was sold, it did not bring in enough, he would pay the difference. The board wrote back saying that they would not accept any responsibility for the sale of this grain. He wrote back and said that that was quite satisfactory, that he wished to sell it himself. However, when the rise in prices occurred about two weeks ago the board sold the grain, but it still did not bring sufficient to pay the farmers' debt. I believe the price to-day is higher than when it was sold, even allowing for the recent drop in prices.

When the board accepts grain I think there should be some definite understanding with the farmer as to how and when it is to be sold. This would eliminate a great deal of controversy and misunderstanding. I understood the Prime Minister to say a while ago that he had no responsibility for the provincial boards, but this act has been created by this parliament. I understand that we are going to guarantee these bonds and surely we should have some right to say how the act shall be administered by the provincial boards.

Mr. BENNETT: There is nothing that can be added to what has been said so frequently during the last few weeks regarding interest rates. An earnest effort has been made to reduce interest rates in this country by inducing the banks to pay a lesser rate on deposits, but there has been considerable difficulty because of the fact that trust and loan companies under provincial charters are receiving deposits and paying an interest rate in excess of that paid by the chartered banks. This difficulty has been overcome to some extent, but it still prevails.

The hon. member has pointed out that in the conception of the Canadian Farm Loan Act it was assumed that much of the administrative powers would be left with the provincial bodies. Each province has its own registration laws and particular regulations touching the registration of documents, how mortgages are to be created and concerning the signatures of a man and his wife, and matters of that sort. Some have the old fashioned idea of a mortgage under which the fee or title to the property is transferred to the mortgagee with the right of redemption. Others go under the Torrens system whereby a mortgage constitutes a charge against the property. All these matters were in the mind of this parliament when it enacted the farm loan act, so that cooperation between the provincial and federal authorities is essential to its success. In a broad and general way I think it may be said that they have worked fairly well, although there are exceptions. I know of many cases myself to which objection could be taken, but when the explanations were received they do not appear to be nearly as bad. Acting in my own personal capacity and not in any official capacity, I have complained several times

with respect to what I conceived to be the attitude taken by some of the provincial boards. After the depression some of them apparently became very fearful in connection with their record of the amount of loans and were unduly apprehensive as to collections and perhaps pressed their debtors very hard, in my judgment too hard. I gave the figures the other day which were supplied by the commissioners as to the amount of principal and interest in arrears, and judging from the observations made, most hon. members of the committee thought it was a rather large sum.

In connection with the taking of grain for the purpose of meeting obligations, I need hardly point out that two great cases in this country deal with the obligations of those who take securities. One noted case that went from the Yukon to the privy council against one of our banks dealt with the question of sale of securities at a low market, and there is a much more recent case. The board is no more immune than any other lender from the rule that it must exercise reasonable care and diligence in the marketing of wheat which it receives, and if it failed to do so it would be liable. But that would be in the absence of agreement. There is always difficulty. Of course, whenever it happens that a man's grain is sold on a rising market and it goes higher a few days later, he is perfectly satisfied that his creditor should have held the grain until it had reached the highest price. But if it falls then he is equally censorious of the creditor for not having sold it when it reached the high point from which it departed on the day he complains. These are but manifestations of human nature to which we are all subject, and most of us have been through the unpleasant experience of seeing our securities sometimes sold for less than we thought they were worth to pay our debts. Sometimes we have had to do it ourselves and sometimes others have done it for us. I can only say that the rule is quite as applicable to the board as to any other lender who takes a security to protect himself against loss and under proper circumstances there is no doubt that the appropriate remedy against the board would be in the hands of the debtor.

Mr. LUCAS: My point was that the board should have some clear understanding with the farmer, when they accept the grain, whether the wheat should be held, whether they should use their judgment, or just exactly what would be done. In one case they held it and in another case they sold it.

[Mr. Bennett.]

Mr. BENNETT: It is the same principle of law as with respect to the broker who has no stop order and does not sell except on his own judgment. Sometimes, if the market is rising rapidly, there is great complaint because he did not hold long enough. If the market suddenly goes down there is complaint because he should have sold when it was at the top point. I agree that there should be a hard and fast arrangement between the mortgagor and the board, when grain is taken; there should be a direction to sell at a fixed price which is the subject matter of agreement. I shall speak to the commissioner, directing his attention to what has been said to-day in that regard.

Mr. COOTE: Is the differential of 1½ per cent in the rate of interest fixed by law or is it a rule of the board?

Mr. BENNETT: I am not sure whether it is a regulation. I think it is in the act.

Mr. NEILL: It is in the act.

Mr. BENNETT: The hon. member for Comox-Alberni says it is in the act, and he is an authority on the act.

Mr. COOTE: I have the act from the library but I have not had time to go through it. I have not found it in the marginal notes. If it is in the act I should like the Prime Minister, before passing the bill out of committee, to consider the advisability of changing that section, because I think that 1½ per cent under certain circumstances is too high. The differential which the board must receive depends very largely on the amount of business it is carrying on. If the board were lending a larger amount of money, one per cent ought to be ample. I should like to see this change made in the act, either reducing the rate to one per cent or leaving it in the hands of the governor in council to fix from time to time.

The importance of reducing interest rates on farm mortgages is difficult to exaggerate. The loan value of any land under this act is going to be determined by its productive capacity; in other words, on the prospective net earnings of the farmer. It is going to depend on the value of the commodities which can be produced on the farm, less actual and necessary costs. That is to say, it is the farmer's margin over his costs, and the rate of interest in reality fixes the loan value of the property. Let me make that clear.

Let us say that the margin which the farmer has is estimated at $120, and suppose he has a loan of $2,000 drawing interest at the rate of eight per cent. The interest is $160, so that

no additional loan is possible, under this act, to that farmer. At seven per cent the interest would be $140 and no new loan is possible. If it were six per cent the interest would be $120 and still no new loan would be possible. At a rate of five per cent the annual charge would be $100 and there would be a surplus available to pay interest on a larger loan. In other words, it would increase the loan value of the farmer's property to the extent of $400. So that with a net income of $120, at five per cent, the loan value of the property is $2,400; at six per cent the loan value is reduced to $2,000; at seven per cent the loan value is $1,700, and at eight per cent, $1,500. The rate of interest payable on the farm mortgage might in reality be said to fix the loan value of the property, and I think I am right in saying that a reduction in the rate of interest is the most important factor in working out this whole scheme. For that purpose I am now discussing the two acts together, the farm loan board act and the measure now before us.

I urged in the house before, when this legislation was being considered, that action should be taken by law to reduce the rate of interest on farm mortgages to a certain specified rate. Personally, I should be in favour of five per cent. I believe the Prime Minister said that there was represented in farm mortgages the sum of $726,000,000. I think we are safe in estimating that of that amount $300,000,000 is at eight per cent and perhaps $300,000,000 at seven per cent. If you reduced the rate of interest to six per cent, that would effect a reduction in interest charges of $9,000,000 annually, and at five per cent the total interest burden would be reduced $15,000,000. If the rate were fixed at five per cent the reduction which would be effected in the annual interest charge on farm mortgages would amount to a total of $15,000,000. I mention this to show that I am not overemphasizing the importance of this matter, and it is involved in section 5 of the bill, which deals with the amount that may be loaned on mortgage.

The value for loaning purposes is going to be fixed very largely by the rate of interest which is payable on farm mortgages. I am not unmindful of what the Prime Minister said before. He intimated that he had given consideration to this suggestion, but one reason why he could not see his way clear to take the action proposed to reduce the rate of interest was that some companies had issued debentures some of which were payable in the old country at a rate of five per cent, and that obviously these companies could not continue to pay five per cent on such debentures if they themselves were allowed to collect only five per cent. I suggest that he could deal with that situation by amending the farm loan board act in such a way that these companies could come to the board with debentures bearing four per cent and get the money necessary to pay off the debentures which they owe in the old country.

Mr. BENNETT: Where would they get the money?

Mr. COOTE: The Prime Minister is able to get plenty of money when he needs it; he is always able to get any money that is necessary.

I would not urge this if the matter were not so important. I believe a reduction of the rate of interest on farm mortgages effecting $726,000,000 of investments would be one of the best steps we could take to reduce the rate of interest on all obligations. It would be one factor in bringing down the rate of interest payable by the Dominion of Canada and by every province when they go into the market to borrow money, and it would be one factor in bringing down interest rates generally.

As I have said in the house before, it is not the size of the debt that matters so much as the rate of interest which the debt carries. As a farmer I can pay five per cent on a mortgage of $8,000 more easily than I can pay eight per cent on a loan of $5,000. There are in Canada thousands of farmers paying eight per cent on mortgages, and so far as I can see, this legislation is not going to bring them any relief to many of them. For various reasons these farmers are unable to go anywhere else to get the money to tender to the persons now holding the eight per cent mortgages; they are not yet in the position where they are absolutely insolvent and can ask for a compromise on their debts, and even if they did we were told in the discussion on the other bill that the board has no power to reduce interest rates even on obligations where a compromise is arranged.

Mr. BENNETT: I said that that might be a part of the compromise without being a specific reduction.

Mr. HANBURY: A question of agreement.

Mr. COOTE: I understood the Prime Minister to say that the board of review under the other bill had no power to reduce the rate of interest. I hope the creditors will agree to a reduction. I think in passing this legislation we are making a mistake in that we do not say that the board has power to reduce

interest rates. I did intend to argue under clause 17 of the other bill that perhaps a clause might be inserted in that bill to reduce by law the rate of interest on mortgages. Some people may say that that is unfair, but we are dealing with actual conditions; the farmer, out of his year's income, is not in a position to pay that rate of interest. It has been said repeatedly in the house; it has been said by members of the cabinet that farmers cannot continue to pay rates of seven, eight or eight to ten per cent. I know insurance companies that have reduced the wages of every one of their employees but that are still insisting on collecting their eight per cent; they are not willing to say to the mortgagor: Conditions have changed so that we realize you are not in a position to pay the eight per cent; we will make it even seven. Let us admit that the problem is difficult, but the situation is so desperate, and, I may say, in many cases conditions at present are so impossible, parliament would be well advised to deal with the matter, and I think it would be quite within our rights to do so.

With regard to the legal aspect of the question, I think I read the opinion given by all the attorneys general in Canada who replied to a questionnaire sent out last year by the banking committee, and if I remember correctly every one who expressed an opinion said that the dominion government had power to legislate in regard to interest rates even on existing obligations. There is only one way, I suppose, to determine a case like that, and that is to pass the legislation and see what is done about it. I thought that this afternoon when we were discussing matters which were brought up on the other bill. We could pass the legislation and if anybody cared to test its validity in the courts we could soon get a decision as to whether the legislation was ultra vires. I should like again to urge the Prime Minister to take some action to reduce, by legislation, interest rates generally.

To deal with the other question I raised, that is the differential, I really do not think there is any differential fixed in the act, but I speak subject to correction. I am now quoting from the farm loan act of 1927. Section 7, paragraph (e) deals with the rate of interest.

Mr. BENNETT: Paragraphs (e) and (f) are the ones that deal with the problem.

Mr. COOTE: The section reads:

> The interest rate on loans under this act shall be such a rate in excess of the interest rate yielded at the time of issue by the last series of farm loan bonds issued by the board as shall be sufficient, in the judgment of the board, to provide for the expenses of operation and for the necessary reserves for losses, or if no such bonds have been issued, such a rate as in the judgment of the board will be yielded by the farm loan bonds when issued, increased by provision for expenses and reserves as aforesaid.

I take it for granted then that the differential of one and a half per cent is simply a rule of the board.

Mr. NEILL: Paragraph (f).

Mr. COOTE: Paragraph (f) reads:

> Every farm loan shall be repayable in equal annual or semi-annual instalments of principal and interest at the option of the borrower; and the amount of such instalment or instalments payable in any year shall be a fixed percentage of the amount of the loan, such percentage to be the rate of interest mentioned in the mortgage increased by either one per cent or two per cent of the amount of the loan as the borrower may elect.

I think that provision is simply for the amortization of the principal, so that it would seem that the differential of one and a half per cent is only a rule of the board and not fixed by the act itself. To effect a reduction needs action only by the board, and I think in the present case it might be a matter of government policy to consult the board with a view to having that differential reduced.

I would urge the Prime Minister to take whatever action is necessary to have the interest on loans made by the farm loan board brought down to five per cent. I do not think agriculture can pay a higher rate. We hope in passing these two bills we are taking a really worth while step to deal with this farm debt, and perhaps I should say, farm credit problem. Even at five per cent our farmers will be paying much higher rates than are paid by farmers in many countries. In Denmark the credit societies are borrowing the great bulk of their money at four per cent or less. They did have a large amount outstanding at four and a half per cent, but if I remember correctly, legislation was introduced about two years ago to assist them in converting those four and a half per cent bonds to bonds bearing interest at four per cent, and government action in Denmark has certainly been used to reduce the rate of interest payable on all farm mortgages.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

On section 5—Conditions for loans.

Mr. COOTE: I wonder if we could have an explanation as to why the loan is limited

to $7,500, when under another section it is proposed that the board may take a second real estate mortgage and also a chattel mortgage?

Mr. BENNETT: The hon. gentleman will remember that under the provisions of the farm loan act the maximum amount that might be loaned was $10,000. In view of the present situation as to values it is believed by officials of the board that the provision limiting the maximum loan to $7,500 would be in the interests of both the borrower and the lender, in this case the farm loan board.

Just before recess the hon. member for Macleod (Mr. Coote) was making a strong appeal for a reduction in the rates of interest. I need not go over the ground that has been covered so many times this session, but when I say to him that the government has used every means within its power, short of legislative action to which I shall refer presently, to bring about a reduction in interest rates, I think I am stating what is within the knowledge of all. Just what has been accomplished in that regard is also fairly well known, and the price at which money has been loaned to this dominion recently is some indication of what I have stated. I just put this position to the committee and to my hon. friend. He suggests that this parliament should enact a statute declaring that the interest rates on all outstanding mortgages should be reduced to five per cent; that is, that the rates that now are in excess of five per cent should be reduced to that figure. I say to him that to do so would be hurtful beyond words to the credit of this dominion, and I do not think there is a single member of this committee who does not realize what would be the effect of the arbitrary action of this parliament in reducing the contractual rate to five per cent.

What are we trying to do? On the one hand we are trying to maintain the credit of this country at the highest possible level; on the other hand we are endeavouring to secure all the money we can to meet maturing obligations and also to secure fresh money for needed development. In this very bill there is a provision permitting us to increase the amount of money to be raised by the farm loan board by the sale of bonds. I put this to any hon. member, including the hon. gentleman who has just spoken: Does he think we could borrow any money at all outside of Canada—and it would be very difficult in Canada—if by an arbitrary action we declared that all mortgages bearing interest of more than five per cent should have the interest rate reduced to five per cent, depriving those who in good faith have contracted with borrowers of an income, as he suggests, amounting to several million dollars? Just tell me what the effect would be upon the farmers themselves. The farm loan board would not be able to borrow more money; that is clear. I doubt if the people of Canada would want to loan money to the board. When I suggested to the committee the other day that two enterprises in Canada had borrowed on debentures in Scotland and elsewhere sums of money in one case amounting to $30,000,000 and in the other case to $29,000,000, at the surprisingly high rate of five per cent, as I learned for the first time a few weeks ago, I merely indicated that this was a factor that had to be considered, because they loaned the money at a higher rate than that at which they borrowed it.

During the discussions that have taken place during the last few months between the government and the representatives of the loan companies I have been greatly taken with the attitude of mind of those representing the lending companies. I recall the words used by one such representative, as follows:

> In their own interest, the companies do not want the good farmer to abandon his farm or to be sold out; in fact it is the worst thing that can happen to a company at the present time. Therein lies the strongest assurance that can be given that mortgage companies will do their part in compromise arrangements.

Then he used these words:

> As a concrete instance of what is even now being done, I am informed by one loan company that at their weekly board meeting yesterday they dealt with 46 renewals of mortgages in the three prairie provinces. They were all cases where the mortgagor was in arrears for interest, sometimes for a considerable amount. Every renewal was granted, with a reduction in the rate of interest to seven per cent; the arrears of interest were partly waived and the balance capitalized so that the farmer is now given a fresh start with his account in good shape. In addition, further advances were made where necessary for seed or similar necessities.

Then he gives a few extracts from the reports of their inspectors. I mention that to this committee because, in our anxiety to assist, by taking extreme positions sometimes we may harm those whom we desire to assist. We have a condition in this country that has not been brought about in a single day or year, but which has come about after a long series of years. We have made loans to the farmers, amounting to over $700,000,000, as I pointed out when this bill was first brought to the attention of the house. Parliament did not intervene in those days to fix a rate of interest at a rate lower than might be contracted for. To-day the legal rate is five per cent, but parliament has not imposed upon

those who borrow a restriction or prohibition in the exercise of their contractual powers or rights. The result is that a considerable number of mortgages outstanding bear rates of interest in excess of seven per cent, and this was well known to Canada and the Canadian people when it was being done. In the days of buoyant prosperity no one complained about contracting to pay eight per cent; in fact it is well known that sometimes offers of more than eight per cent were made. As a result we are now inheriting a condition. Having inherited that condition we now say that it is beyond our power to emerge from our difficulties unless parliament intervenes and lessens the amount that we must pay to discharge our obligations.

I do not know how many of you read the speech of Mr. John Buchan at the assembly of the Church of Scotland, of which he is high commissioner. He said that at the bottom of all our trouble is fear, which he described as the father of despotism. I made some reference to that on Saturday last. Therein, it seems to me, lies the genesis of much of our trouble. We have made promises. We have executed contracts. We have assumed obligations. With every word that the hon. member for Macleod has said as to the low prices of commodities influencing our ability to pay, we must not forget that the student of history will point out that in days long since past the obligation was to pay ten per cent, twelve per cent, fourteen per cent and fifteen per cent. Without parliamentary intervention or the destruction of contracts it is amazing how the difficulties were met and overcome in the past. The lowering of interest rates; the adjustment of difficulties; the compromise of obligations we have endeavoured to assist in every way within our power, but when you suggest that any government of Canada should arbitrarily say that all mortgages outstanding in this country bearing interest rates of more than five per cent should have those rates reduced to five per cent, and in the same breath suggest to me that we should get more for the farm loan board, I say these are mutually destructive, because if carried out the one will make the other impossible.

Only a few days ago, the day I was absent, I was struck more than I would care to say to this committee with the high reputation that this country enjoys because thus far it has declined to become a party to the destruction of its contractual obligations, and has maintained the position it has taken and met its obligations in the terms of its contracts. I say to my fellow Canadians here to-night that nothing could be more inimical to our credit, nothing could be more destructive to our high reputation and nothing more calculated to menace the very, shall I say, permanent improvement of this country, than that we should listen to what is urged by some in that regard. It is so easy and so popular to raise the cry, "Why don't they cut the interest? Why don't they destroy our contracts?" Mr. Chairman, there is an old saying, a very old one to which I shall refer; I am sure the classic mind of the hon. member for Vancouver Centre (Mr. Mackenzie) will recall the words, "Swift is the descent to hell," and once started upon this course what must be the result? I just leave that with the committee, because I do not purpose again to reargue the matter. It would be so much easier for one to court popular approval in certain quarters by simply saying, "Certainly, we are going to cut these things; we are going to destroy these contracts; we are going to pay no attention to obligations created in the past, but we will just think of the present and of the future." One could get more votes that way, and would please more people. If any hon. member suggests that I am not fully advised of the economic conditions of those who have to pay, and that I have not a clear appreciation of the difficulties they have to overcome and, in many instances, their inability to do so, I can say only this, that he is entirely in error. If any hon. members assume that I have not as much knowledge as they have about the matter, they are wrong. I know about the hardships and the difficulties. But what we did through the bill considered this afternoon was to go to the absolute limit of our constitutional jurisdiction, without destroying our credit. And to-night what we are endeavouring to do is to ensure that there shall be a little fresh capital available to make a start, and that some safeguard shall be provided to prevent the very thing we are trying to do from having the effect of destroying our power to do that which we seek to do.

Mr. SMITH (Victoria-Carleton): I have been very much interested in this bill to amend the Canadian Farm Loan Act, which is a companion to the bill we passed this afternoon. As such it must afford relief to a number of farmers throughout our country in order that they may get that for which they have been looking so long. There was a great deal of discussion this afternoon on the bill which now stands for third reading, and I must confess that I am fairly well seized

as to the meaning of that piece of legislation. If I understand it correctly it means, first, that if a farmer finds himself in distressed circumstances he may go to the receiver, and the receiver may say to him, "Let me have the number of your creditors, and their names." Then with that information before him he states, "We will take your case into consideration and, if the situation warrants, we will call the creditors into conference so that we may have a clear understanding of the whole situation." Then, having done that, and there comes a time when all the creditors do not agree, they will say, "We will submit this case to the court of review," upon which occasion the court of review makes the final decision as to whether or not there is a clear case. It seems to me that is absolutely clear, and ought to be a fair arrangement for the farmers. After having gone that far the farmer may find himself unable to meet his obligations, and he states that he has been unable to meet them; the court of review has then no jurisdiction over him, in which event he goes to the bankruptcy court. I believe that is a correct understanding of the situation. After all this has been done, this bill, which I have described as the companion bill to the one discussed this afternoon, takes effect, and through its operation it is intended if possible to relieve the farmer.

We will suppose that a farmer owes $4,000 and finds that he is unable to pay it. Where will he get that money? My deduction is that it is intended he shall get the money through the farm loan board mentioned in the bill before us. During the last few years I have had some experience with the Canadian Farm Loan Board. I do not know what the experience of other hon. members has been, but in the province of New Brunswick, and in my own constituency particularly, I want to state frankly that we have submitted a large number of cases to the Canadian Farm Loan Board at Ottawa, cases approved by the provincial board and in that respect different from those to which reference was made this afternoon. These cases have gone before the board at Ottawa and time after time have been turned down. I submit that to-day the Canadian Farm Loan Board is simply a collecting agency; it is no longer a lending power. If through the bill before us, which gives additional powers to the Canadian Farm Loan Board to lend on stock and on other securities offered, we get no farther than we have got in the past few years, we will not go very far towards providing money to assist the farmers in their agricultural pursuits. I believe hon. members know that in the past few years the Canadian Farm Loan Board have not done more than could have been done by a collecting agency.

The CHAIRMAN (Mr. Fraser, Cariboo): I suggest that the hon. member is quite out of order; in fact, all this discussion in my view has been out of order. We are now discussing section 5, which has nothing to do with the general principle of the bill. With all due deference to the hon. member I suggest he should confine himself to the subject under discussion.

Mr. SMITH (Victoria-Carleton): I presumed that section 5 of the bill was wide enough to permit my going into the whole matter.

The CHAIRMAN (Mr. Fraser, Cariboo): Section 5 of the bill limits the amount of money the board may lend. I shall read it.

Mr. SMITH (Victoria-Carleton): I beg your pardon; I can read it. That is exactly the point with which I was dealing. I was referring to the amount of money to be lent, and I am very sorry that I did not impress you, Mr. Chairman, with that fact. So far as this bill is concerned it is entirely of the same pattern as the one we passed this afternoon, and the question of lending money is absolutely relevant, I submit. If the farmers cannot get loans from the farm loan board to relieve them in their present distress, they cannot get very far.

If I understood the Prime Minister aright, he said this afternoon he was not sure that borrowers under the Canadian Farm Loan Act and under the Soldier Settlement Act could obtain money under this act. Is that correct?

Mr. BENNETT: No.

Mr. SMITH (Victoria-Carleton): That was my understanding at least of the Prime Minister's remarks. If we are going to relieve the farmers we must see that they get a lower rate of interest. I agree with the Prime Minister that that lower rate of interest cannot be brought about by this parliament, but at the same time I submit that if the Canadian Farm Loan Board could get its money at three and one-half per cent it could lend to the farmers of this country on a basis of five per cent. If there is one thing that is burdening the farmers more than another it is the high rate of interest.

The CHAIRMAN (Mr. Fraser, Cariboo): Again let me draw the attention of the committee to the fact that this section has nothing to do with interest. The hon. gentleman is absolutely out of order.

Mr. SMITH (Victoria-Carleton): What has the section to do with, Mr. Chairman?

The CHAIRMAN (Mr. Fraser, Cariboo): I offered to read it to the hon. gentleman a minute ago, and he said he could read it himself.

Mr. SMITH (Victoria-Carleton): I do not think I am so dense that I cannot read it. It says:

5. Paragraph (a) of section seven of the said act is repealed and the following is substituted therefor:—

"(a) Loans shall be made only on the security of first mortgages on farm lands up to fifty per cent of the board's appraised value of such lands and twenty per cent of the permanent insured improvements thereon:

The farm loan board has had authority under the old act to lend up to fifty per cent of the value of a man's farm lands. There is a further provision that no one person and no two or more persons having joint or several ownership shall have by way of loan more than a certain amount. I am sorry, Mr. Chairman, if I have digressed from the section before us but I had a few observations to make in connection with the lending of money to farmers, and if this is not the right time I shall reserve my remarks until a subsequent section.

Mr. SPENCER: I was interested in the very able case which the Prime Minister made with regard to keeping up the credit of Canada. But there are two distinct sides to that subject, one of which I do not think he stressed enough. If Canada is suffering at all with regard to credit it is because fifty per cent of her people who are on the land are facing a serious financial crisis, and I think it is just as necessary to pay attention to the huge losses that have been incurred by those who have lost fifty to sixty per cent of their commodity wealth as to the possible losses of the financial wealth of other people.

I should like to say a word or two in support of the remarks of the hon. member who has just taken his seat with regard to the administration of the loans of the Canadian Farm Loan Board. I have had an enormous correspondence in regard to this matter in the last two years, and I regret to say that I have never had a letter which has been complimentary to the administration of these loans.

I want to congratulate the government on Bill 92, which may prove to be one of the best pieces of legislation which has been passed by this house to help the farmer to get back on his feet. But if the bill now before us is intended to be complementary to Bill 92, very serious changes will have to be made in the administration of the farm loan act. Not only are the officials of the board collectors at the present time, but they are collectors in the roughest sense of the term. I hold in my hand a letter I received this morning—

The CHAIRMAN (Mr. Fraser, Cariboo): I would call the attention of the hon. gentleman to a ruling I made a few moments ago. I must rule the hon. gentleman out of order.

Mr. SPENCER: I do not want to go against your ruling, Mr. Chairman, but the type of collection in the last few years has been one of the worst, and it has been done at a time when the farmer is in a very serious financial condition through no fault of his own. It has been nothing less than brutal, to say the least.

Mr. COOTE: On the point of order, Mr. Chairman, this bill received its second reading with practically no discussion, and in such cases it is usual to allow a certain amount of discussion on the principle of the bill when we are in committee. That is the common practice in this house, and it is very unusual for the chairman to insist upon every member of the committee keeping strictly to the clause under discussion when there has been no debate on the principle on second reading. I think it will facilitate the work of the committee and of the house to allow that much discussion. Certainly the question of interest is involved in the question of the amount of money the board may lend, and that is one of the questions dealt with in this section.

The CHAIRMAN (Mr. Fraser, Cariboo): I think the hon. gentleman is well enough acquainted with the rules of the house. All I have to do is to quote subsection 2 of rule 58 which reads:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

The hon. gentleman is sufficiently acquainted with the rules to know that a general discussion is not in order when the committee is discussing a section of a bill, and I submit that hon. gentlemen would assist the business of the house by complying with the rules.

Mr. SPEAKMAN: Speaking to the point of order, Mr. Chairman, a thing I very rarely do, I submit that when the committee is dealing with a clause which applies specifically to the conditions under which loans may be made and to the limitations upon those loans, is the very time to discuss all the conditions surrounding the loan—the way the loans are made and how they are collected. To my mind there could be no clause on which a discus-

sion of interest rates and of the general policy in respect to the issue of loans would be more relevant than on the one now before us, which deals with the power of the board to make loans, the limitations placed by the board upon such loans, and generally the conditions under which loans are made. It seems to me, therefore, Mr. Chairman, that we are very much in order in discussing this particular phase at this time.

The CHAIRMAN (Mr. Fraser, Cariboo): I do not want to limit the discussion on a question of this kind, and if the committee desires to permit hon. members to ramble on as they have, it is all right with me.

Mr. WILLIS: I take it I would be in order if I spoke in connection with section 5. This reads:

Loans shall be made only on the security of first mortgages on farm lands ...

And so on. My point is that while this section says that they shall be made, the Canadian Farm Loan Board has refused to make any loans within the district which I represent. No matter what the security is, no matter what the buildings are, no matter what the character of the individual may be, no matter what his record may be with regard to that which he has produced, the Canadian Farm Loan Board has thought it unwise to lend within that district. Generally speaking, these loans run over a number of years. In the years 1925, 1926, 1927 and 1928 this district produced perhaps the best crops in Manitoba. For a period of three or four years since that time there have been no crops in the western section of that area. The regular mortgage companies which hold mortgages within this area have refused to continue to lend. At a time when we expected we should get some assistance from the Canadian Farm Loan Board, they have adopted precisely the same attitude and have refused to lend. It seems to me that this board from the point of view of policy, from the point of view of the Canadian people and from the point of view of good business has not adopted the right attitude by saying that because there have been no crops for two or three years they will not advance any money. Particularly is that so when no consideration is given to the past record of the farmer and particularly so because these mortgages, generally speaking, run for a period of twenty years. I take it that this was not the purpose of the setting up of the Canadian Farm Loan Board. I readily realize that the government has no control over the policies of the farm loan board, as it is an independent body set up for that purpose. My criticism is with regard to the judgment of the farm loan board and its adoption of that attitude. Why is it that a farmer who produced twenty-five or thirty bushels to the acre in 1928, who has good buildings, who has a good record as a farmer, whose lands, machinery, cattle and horses are unencumbered, should not be permitted to get a loan? He may be a good man; he may have good possibilities, but this farm loan board has completely blocked out that area and said that no loans shall be made irrespective of the individual, his security or his possibilities. In my opinion that was not the purpose for which the Canadian Farm Loan Board was set up. If an area produced good crops from 1925 to 1928, it is quite reasonable to suppose that it will produce good crops from 1935 to 1938. The farm loan board was willing to make loans in this area up to 1928 at a time when there were poor crops in other areas, but when those other areas are having fair crops and this area is having none, they refuse to make loans. It seems to me that the policy of the board is open to very severe criticism in connection with the way they have handled this situation. I say it is not good business and it is not the purpose for which the board was set up. In my opinion the purposes for which this board was set up are not being carried out by the present management.

Mr. LUCAS: Paragraph (a) of section 7 of the present act states that:

—mortgages taken as security for farm loans and remedies thereunder shall be in all respects subject to the law of the province in which the farm land mortgaged is situated.

Under section 5 of the bill paragraph (a) of section 7 of the act is being repealed, and as I understand the substituted paragraph, it will mean that any loans now taken out will not be subject to the law of the particular province in which the land is situated. I understand that private companies making loans come under the laws of the province in which the loans are made, and I should like to know why the farm loan board should not be placed in the same category.

Mr. BENNETT: The hon. member for Camrose (Mr. Lucas) must be ill advised as there is no change in the law. Section 7 is being amended and in lieu of the existing paragraph (a) a new paragraph is being substituted. This paragraph does not deal with the matter to which the hon. member has referred, it merely limits the amount to $7,500. It is not necessary to provide that mortgages taken as security on a farm shall be in all respects subject to the law of the province in which the farm land mortgaged is

situated, because that is a matter implied; it is a matter of law. It was put in the original act, but it was really unnecessary.

Mr. LUCAS: Does the Prime Minister say that there is no change?

Mr. BENNETT: Except as to the amount.

Mr. LUCAS: I notice the last sentence in the explanatory note reads:

> This provision, in view of the extension of loaning operations provided in Part II of this bill, is not included in the amended subsection.

Mr. BENNETT: Surely, but it does not change that.

Mr. BROWN: I have no criticism to make of the general purpose of this bill and the other bill providing for the possibility of a farmer making a composition to his creditors. If the intentions can be carried out, no doubt the results will be good. However, I am just a little doubtful as to whether it will be possible for farmers to make any great use of either of these bills. This section provides that loans shall be made only on the security of first mortgages on farm lands up to fifty per cent of the board's appraised value of such land and twenty per cent of the permanent insured improvements thereon. If a farmer takes action under the other bill and has his mortgage reduced to a given amount, I think it will be found in many cases that that amount will be more than the amount at which any appraiser would value the lands under present day conditions. Land is not productive to-day because it will not pay the cost of working it. Many farmers have mortgages of from $5,000 to $6,000. Suppose a farmer makes a composition and his mortgage is reduced from $6,000 to $4,000; I believe that those in charge of the operations of the farm loan board will find that $4,000 is too large an amount and will only lend the farmer about $2,000. That will leave the farmer in a position where it will be impossible to take advantage of either of these bills. As I say, I have no criticism to make of the government for their endeavour to solve this problem; I am fully aware of the difficulties which confront them, but I cannot help thinking that the situation which I have depicted is one that is very likely to happen: Some of the machine companies a year ago made a very good offer to their debtors; they offered to take $100 in payment of $112 of debt. That was very good for those who could take advantage of it; but if a man did not have $100—and it was not much easier to get $100 than $112—the offer was not of much use to him. I am just afraid that in many instances some such situation will develop in the actual working out of these two measures we have been considering, good though they may be in intention.

Mr. SMITH (Victoria-Carleton): Would it not be possible to have some appeal from the final decision of the Canadian Farm Loan Board? I realize that there will be a great responsibility on the government of the country, but on the other hand I do submit that under the circumstances, in view of the fact that provision is made for appeal from the marketing board as well as in all other acts that we have passed, there ought to be an appeal from the decision of the Canadian Farm Loan Board.

Mr. SPEAKMAN: I was somewhat relieved when the Prime Minister said that there was no change in that feature of the act which brought loans made by the farm loan board under provincial protective legislation such as the debt adjustment and moratorium acts. Is the Prime Minister quite certain? If he is, then the explanatory paragraph is entirely misleading. Section 5 states that paragraph (a) of section 7 is repealed "and the following is substituted therefor," and that substitution deals with the amount of loan which may be made upon first class mortgages. The explanatory paragraph reads:

> The present paragraph (a) of section 7 fixes the maximum loan on first mortgage security at ten thousand dollars. This amendment reduces the amount of the maximum loan to seventy-five hundred dollars to conform with the maximum of the advances on first and second mortgage security fixed by section 9 of this bill.
>
> The present paragraph (a) further provides that "mortgages taken as security for farm loans and remedies thereunder shall be in all respects subject to the law of the province in which the farm land mortgaged is situate." In virtue thereof, the board has been subject, in the handling of its loans, to the provisions of all provincial debt adjustment and moratorium legislation. This provision, in view of the extension of loaning operations provided in Part II of this bill, is not included in the amended subsection.

So that it would appear to be deleted from this part of the act. But the Prime Minister states that in spite of that deletion, as a matter of common law it will fall under the protective legislation in the provinces.

Mr. BENNETT: I think I should make it somewhat clearer than that. The law of the province as to the form of mortgage and all rights and remedies of the mortgagee governs, of course. The debt adjustment act, as a matter of legal opinion, has no reference to it; but in view of the language used in

the section, an argument has been built up that the parliament of Canada conferred jurisdiction upon them. That was never intended to be so, because, to be perfectly frank with the hon. gentleman, it is believed by many of those even responsible for debt adjustment acts that they are ultra vires of provincial legislatures in matters of this kind; hence it is they have been very anxious that some such act as that which was passed this afternoon should have been on our statute books. For it is quite obvious that it is a form of bankruptcy that is being carried on under the guise of provincial legislation, and this section as amended leaves it not open to controversy on the ground set up, namely, that the federal power made the mortgages subject in all respects to the law of the province; and they said that one of the respects was the debt adjustment act, which in our opinion is not an argument based on sound law. I should have made that more lengthy explanation but I thought, from the way the hon. member for Camrose spoke, that that was what he had in mind. I am glad to have had occasion to make this more extended explanation.

Mr. SPEAKMAN: I assume then that the only part of this explanatory paragraph which is misleading is that which states that by virtue of the second part of the original subsection (a) the loans made by the farm loan board did come within the purview and under the authority of provincial protective legislation such as the debt adjustment and moratorium acts.

Mr. BENNETT: Rather than have long, complicated lawsuits the matter is dealt with in this rather than in the other way.

Section agreed to.

Sections 6 and 7 agreed to.

On section 8—Purchase of bonds by minister.

Mr. BENNETT: Section 8 contains two blanks; one is as to the amount of the bond held at any one time by the minister on behalf of the dominion, being not more than $....., and the other provides the extent of the guarantee. At the present moment there is authority conferred on the board to borrow from the dominion Minister of Finance up to $15,000,000. Substantially $10,000,000 has thus been dealt with, leaving practically $5,000,000, and it would occur to me that if the word "forty" were inserted it would leave $30,000,000 that might be utilized in that way; and the guarantee, if conditions improved and the credit of the country warranted, should be substantially the same sum. But I am willing to consider any suggestions made by the committee as to what in the opinion of the members would be the best figure to use. My motion would be that the word "forty" should be inserted after the word "exceed" and before the word "million" in the first subsection, and in the second there should be inserted the words "thirty million."

Mr. YOUNG: Has any estimate been made of the probable demand?

Mr. BENNETT: I intimated to the house the other day, in a long series of figures I placed on Hansard, what the condition was. If conditions improve, as they have in some sections of the country, it is probable that it will obviate the necessity of any sums being provided except for the purpose of implementing undertakings under the adjustment act, and this would be more than ample for that purpose, at least for the next year.

Mr. CARMICHAEL: The great agricultural province of Saskatchewan has its fair share of farmers in debt and unable to carry on, and who do not come within the purview of this federal farm loan act. We have provincial legislation whereby farmers have been able to get loans up to, I believe, a maximum of $9,000,000 or $10,000,000, but in recent years the provincial government has been unable to get money to make further loans. Here we are extending the scope of this legislation from $15,000,000 up to $40,000,000. Is there not some way whereby, if money cannot be advanced directly from the federal farm loan board to finance individual farmers in Saskatchewan, the provincial farm loan scheme of Saskatchewan can be financed from this, so that farmers in that province may at least be on an equal footing with the farmers in other provinces.

Mr. BENNETT: The hon. gentleman knows perhaps that there are those who used to assert that they were much better off under their act than they would be under this. I do not know just what steps might be taken to meet that situation. When the bill has been finished in committee and stands for third reading I will go over it again and if we can think out any plan by which what has been suggested can be done we shall see that in another place a clause is added to the bill. This question has been giving us a considerable amount of thought but it is not as easy as it appears to arrive at a solution. The farm loan board does not operate in Saskatchewan and we cannot select some other instrumentality that will make advances and over which we ourselves would have control.

Mr. SPENCER: Is Saskatchewan the only province that has not made use of the Canadian Farm Loan Act?

Mr. VALLANCE: It cannot.

Mr. BENNETT: Ontario does not.

Mr. SMITH (Victoria-Carleton): My understanding of this clause is this, and I would like to ask the Prime Minister to verify it: If the board is able to borrow money at three and a half per cent, it will lend it to the farmers of Canada at five per cent. Am I correct?

Mr. BENNETT: Substantially that is right as the law now stands. The amortization fund of two per cent to which an hon. member referred this afternoon is two per cent on account of the principal; it has nothing to do with the interest. I think this afternoon I directed the attention of the committee to the matter. It will be recalled that the appraised value is the value for productive purposes and the interest rate was to be, as the hon. member for Macleod (Mr. Coote) read this afternoon under paragraph (e) of section 7, a rate that would return the interest on the money borrowed and provide for the expenses of operation and the necessary reserves for losses, or, if no bonds were issued, such a rate as in the judgment of the board would be yielded by the farm loan bonds when issued, increased by provision for expenses and reserves. At the present time the board has fixed one and a half per cent in addition to the going rate. If therefore, three and a half per cent money was secured, that money would be lent at a maximum of five per cent.

The CHAIRMAN (Mr. Fraser, Cariboo): It has been moved by the Prime Minister that the word "forty" be inserted before the word "million" in line eleven, section 8 of the bill and that in the fifteenth line the words "thirty million" be inserted before the word "dollars."

Mr. MACKENZIE (Vancouver): Why is it forty in the first case and thirty in the second?

Mr. BENNETT: The forty million dollars includes the thirty million outstanding obligation plus the additional contemplated.

Amendment agreed to.

Section as amended agreed to.

On section 9—Further loan may be made.

Mr. BENNETT: I have an amendment to move to this clause. If the committee will be good enough to look at it they will observe that the first mortgage loan is limited in practice to a maximum of less than fifty per cent of the appraised value of the land plus twenty per cent of the value of the buildings, and with the further advance it will be seen that the total advance would be approximately sixty per cent. I am therefore changing the figures so that subclause 2 of clause 9 will read:

> The aggregate of loans made to any one borrower under the provisions of this act and of the Canadian Farm Loan Act shall not exceed two-thirds of the appraised value of the land and buildings in respect of which security is taken and shall not exceed at any one time the sum of $7,500. The amount advanced under this section shall not exceed one-half the amount advanced on the security of the first mortgage.

It will be observed that the clause read "one-third." That would have brought about a condition that we are trying to avoid rather than create. The amendment may be made in one of two ways, either substitute the new subclause or change the wording. The amendment will be to strike out the word "one-third" in the thirty-fourth line of clause 9 and substitute therefor the word "one-half".

Amendment agreed to.

Mr. SPEAKMAN: Just in this connection, in comparing the clause we are just passing with clause 3 of the first part of the bill, I am afraid there might be some contradiction, not in law but in practice. Under clause 3 of the first part of the bill we provide that the board may accept and hold additional collateral security for loans as the board may deem proper. In answer to a question that was asked whether the farmer might be forced to offer this additional security, the Prime Minister said: no, as a matter of his own choice. But from such experience as we have had I am not certain that it will be because, although strictly speaking it may be a matter of his own choice, if a farmer falls into arrears of payment the board might well suggest this would be carried forward and no action would be taken if the additional collateral were given. That having been done—and I am afraid it may be done in a good many cases unless there is a little more leniency shown in administration—farmers who have loans from the board at present would be debarred from securing those additional loans on live stock and personal property which are contemplated in the latter part of the measure. Of course that would not apply to new loans made because they would be made definitely under present conditions, but it might readily apply to a large part of the eight or nine millions now outstanding if the board exercises its power in that way.

Mr. BENNETT: I can give no assurance how the board will exercise its powers, but the words in clause 3 must be read with the words that follow: "May deem proper."

And "deem proper" means proper under the terms of this legislation, that is as to the advances the board makes. The limitations imposed in clause 9 of course prevail and it will be observed that the interest rate on this loan will be only one per cent more and not one and one-half, than is paid for the money; that is because of the character of the loan the clause so provides.

Mr. SPEAKMAN: I was reading paragraph (g) which is the second paragraph in clause 3 and that covered the very point I had in mind. It is to enable the board to—

> Make such composition, extension of time or scheme of arrangement with any borrower on his loan as the board deems advisable.

It would simply put it into the power of the board in case of any farmer who was unable to meet his obligations promptly to insist on receiving this additional security. The additional security being covered by an existing loan, the farmer would be precluded from receiving the additional loan contemplated in the second part of the bill. That was the point I had in mind.

Mr. BENNETT: I know of no way whereby you can substitute an act of parliament for a man's own judgment in connection with a matter of this kind. Either he signs or he does not; there is nothing in this measure to compel him to sign.

Mr. SPEAKMAN: There might be a refusal on the part of the board to carry him if he did not sign.

Mr. BENNETT: That is one of the contingencies that must always be contemplated.

Section as amended agreed to.

On section 10—Loans to mortgagee.

Mr. BENNETT: I intend to move an amendment to this clause. The other day I promised that we would look it over a little more carefully. It will be observed that subsection 1 provides for loans to the mortgagee on the security of the assignment of the first mortgage in any province in which the board is empowered to make loans. Then instead of subsection 2 we propose the following:

> Whenever a proposal for a composition, extension or scheme of arrangement made under The Farmers' Creditors Arrangement Act has been duly approved, the mortgagee shall be eligible for a loan which shall be disbursed to the farmer for such purpose in connection with the proper operation of the farm lands covered by the first mortgage and in such instalments as may be agreed to by the board.

That is to ensure that the money thus advanced goes for the purposes for which the new loan is made. It is not intended to designate them here; they are such as may be agreed upon by the farmer and the board. Then there is an amendment to be inserted as subsection 8 immediately after subsection 7, as follows:

> The provisions of section five of the Canadian Farm Loan Act for the issue of capital stock and subscriptions therefor shall not apply with respect to loans made under this section.

This amendment is proposed for reasons that were given the other day by one of the hon. members of this committee. Then we further propose the insertion of the following as subsection 9:

> The governor in council may make advances to the board out of any unappropriated moneys in the consolidated revenue fund for the purposes of this section and the board shall, for such purposes, be deemed to be the agent of the crown and any securities taken by the board shall be so taken on behalf of the crown.

I know my hon. friends opposite have strong views with regard to this procedure, but for reasons which I mentioned the other day it seems to me that in the first instance we cannot do better than this. After this has been in operation during the next fiscal year we will be able to predict what is to be done with some degree of certainty. It will be recalled that we have a control over all the moneys because they are raised under a preceding section and are dealt with in a report made by the farm loan board. It is also the intention to renumber the present subsection 8 as subsection 10.

Amendments agreed to.

Mr. COOTE: Might I ask if all the loans made by the farm loan board bear the same interest rate?

Mr. BENNETT: My memory is that there was a slight reduction in the rate after they secured the last block of money, before the depression, but I would not care to give a definite answer to that question. I have not the means at hand of securing the information, but I will get it and send it to my hon. friend.

Mr. NEILL: I wonder if the Prime Minister would allow me to refer to the other act. Did he specify that the previous act would apply to men holding land on agreement for sale?

Mr. BENNETT: Looking at the context of it I was advised that it did so apply, and in this act, in order that there might be no question about it, the agreement for sale is added. I am advised by the law officers that there is no doubt about it, but if the hon. gentleman has any doubt we can add the words.

Mr. COOTE: Under subsection 4 might I ask if the Prime Minister can say whether he anticipates that the rate of interest charged by the farm loan board might be reduced to five per cent on all loans made after this?

Mr. BENNETT: I would be hardly fair to the hon. gentleman if I made a statement of that kind, for reasons which I think he quite understands. There is no reason why I should not say to this committee that the price of money varies so greatly almost from week to week that you cannot tell at what rate the country may be able to sell its bonds. For instance, shortly after our last loan, owing to foreign disturbances and news that reached the London market, a small loan for £10,000,000 went to a discount of three-sixteenths. The fluctuations take place so suddenly that they cannot be anticipated. It would not be fair to myself or to the committee to say what I thought might or might not be the result of future efforts to secure money at lower rates. If the money can be loaned at five per cent I can tell my hon. friend that we shall be only too glad to so do.

Section as amended agreed to.

On section 11—Separate accounts to be kept.

Mr. RALSTON: Might I ask the Prime Minister, with reference to the amendments to section 9, whether the original farm loan act provided that the money should be paid out of moneys appropriated by parliament or out of the unappropriated portion of the consolidated revenue fund?

Mr. BENNETT: That does not arise under that section. There is provision for a report each year, which report as the hon. member knows is laid on the table of the house. That does not come under section 9, because this is a new fund created for this specific purpose.

Mr. RALSTON: How are the moneys provided in the original act?

Mr. BENNETT: The hon. gentleman will remember that the board had power to issue and sell bonds known as Canadian farm loan bonds; to make long term loans; to hold real estate, and so on. We were to subscribe a certain amount of the capital, not to exceed $5,000,000, which was the first capital the company had. After that they sold their bonds entirely to the Minister of Finance; there have been no public issues so far. The moneys have been borrowed by the country and advanced to the board. Five per cent was to be subscribed by the province and five per cent by the borrower; the rate of interest was to be approximately five per cent, and the bonds were to be for thirty-five years. There is nothing further than that.

Mr. RALSTON: I thought the amendment provided for funds under Part II of this act, regarding supplementary advances, being paid out of the unappropriated portion of the consolidated revenue fund, and I was wondering why these funds were not provided as in the original act, namely through the sale of bonds.

Mr. BENNETT: That is how it is hoped the money will be secured later. You see, it is limited to one-quarter the amount of the mortgage, and the officials thought that the only method by which they would be certain of being able to have the money, in the event of difficulties such as I have indicated, would be to make it a charge against the consolidated revenue fund. It would be a little difficult to issue bonds for the purpose of securing money to be advanced on the equivalent of chattel mortgages. And so, in order not to leave that impression too strongly, that we have engaged in that business, we make it a charge against the consolidated revenue fund, in the first instance, but it is for only a year, and limited to one-quarter the amount of the mortgage. I believe it is one-quarter, at any rate.

Mr. RALSTON: The right hon. gentleman knows what I am referring to. He knows that the right hon. leader of the opposition has always felt that these funds should be provided by vote, and that moneys needed for purposes of this kind should come from moneys appropriated by parliament for the purpose, not out of the unappropriated portion of the consolidated revenue fund. I was wondering if the Prime Minister had considered that point, and if it would be possible to have that provision in here, because we can estimate somewhere near the amount of money which would be required.

Mr. BENNETT: As a matter of fact I directed the attention of the committee to this point. I am familiar with the views entertained with respect to it, but as I said the other evening, we could have ascertained the fact with respect to old age pensions with much more certainty than we can in the present instance. I did feel that in the first

fiscal year of operation we would have to have some little leeway in order to make it effective. I have no desire to depart from what I consider to be sound practice. The section as amended would read:

The governor in council may make advances to the board out of any unappropriated moneys in the consolidated revenue fund for the purposes of this section and the board shall, for such purposes, be deemed to be the agent of the crown and any securities taken by the board shall be so taken on behalf of the crown.

That is so far as possible to protect advances, as I think the hon. gentleman realizes, for the purpose of putting the farmer on his feet. We thought there should be that much security given to the crown for the advances thus made. I do not feel in a position to make an estimate.

Section agreed to.

Section 12 agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time?

Mr. BENNETT: Next sitting of the house. We shall now proceed with the shipping bill.

Mr. NEILL: May I call the attention of the government to the fact that this is not one of the items mentioned on Friday night?

Mr. BENNETT: I was so informed.

Mr. NEILL: No.

Mr. BENNETT: If there is any objection, we will take supply. There are some items which could be disposed of.

SUPPLY

DEPARTMENT OF RAILWAYS AND CANALS

The house in committee of supply, Mr. Smith (Cumberland) in the chair.

Loan to Canadian National (West Indies) Steamships, Limited, repayable on demand with interest at a rate to be fixed by the governor in council, upon such terms and conditions as the governor in council may determine and to be applied in payment of:

(a) Deficits in operation of the company and of the vessels under the company's control, during the year ending December 31, 1934, $1,020,000.

(b) Capital expenditure in connection with vessels under the company's control during the year ending December 31, 1934, $222,000.

Mr. RALSTON: Could the minister give a brief statement with regard to the West Indies steamship service?

Hon. R. J. MANION (Minister of Railway and Canals): I have not that information before me, because I did not expect we would be going on with the estimates tonight. However, these items have been before the committee on railways and shipping, and have been very carefully considered. If there is anything the hon. gentleman would like particularly to ask, I shall try to give him the information. I should not like, however, to make a general statement without knowing what he wishes.

Mr. RALSTON: Could the minister tell us about the amount of the deficit?

Mr. MANION: This is the exact figure.

Mr. MACKENZIE (Vancouver): Were those all approved by the committee?

Mr. MANION: Yes, they have all been before the special committee, and this is the deficit required.

Item agreed to.

Mr. BENNETT: There is an item standing with respect to penitentiaries, and the Minister of Justice gave an undertaking to the hon. member for Southeast Grey (Miss Macphail) and the member for Kingston City (Mr. Ross) not to proceed with it in their absence. I think I had better give notice that we will proceed with that item on Friday next so as to leave no doubt as to that.

The Minister of Pensions and National Health is confined to his room so we cannot take up any items of that department. There are two miscellaneous items that we might take up. One deals with radio. We might go on with that because there is another radio item in the supplementaries when there will be an opportunity to discuss radio matters.

MISCELLANEOUS

Canadian radio broadcasting service, $1,000,000.

Mr. RALSTON: Was this estimate before the radio committee?

Hon. ALFRED DURANLEAU (Minister of Marine): I know that the radio commission explained to the committee all the expenses they are incurring. Their expenses for the past year also appear in the report which was tabled in the house a considerable time ago. I believe they were short some $25,000, and an item in the supplementary estimates for the last fiscal year for $25,000 was already approved by the house, I think it was for expenses incurred in connection with the broadcasting of American programs.

As to the item before us, it is covered by the licence fees collected after expenses have

been deducted. My hon. friend will also see in the supplementaries an item of $250,000 also covered by licence fees collected.

Mr. RALSTON: So the total licence fees collected are $1,250,000?

Mr. DURANLEAU: Yes. The net revenue for the last fiscal year will be around $1,150,000, or $1,200,000, but that amount would include the balance that remained over from last year. The law provides that all the licence fees collected should be appropriated to the commission.

Mr. RALSTON: There is a very small matter which I should like to mention to the minister. I know that in Montreal a number of men are constantly going around to houses asking to see radio licences. They do not call once only, but two or three times. I would ask the minister just what the arrangement is with these men and why it is that householders are troubled in this way.

Mr. DURANLEAU: Since the first of April we have been allowing the house to house collectors for radio licence fees twenty-five cents per licence. A great number of citizens prefer to have the collector call to going to the post office or to some dealer or bank to get their radio licence.

Mr. RALSTON: Is each collector allotted a certain district?

Mr. DURANLEAU: Yes, I think the supervisor in Montreal allocates the districts to the different collectors.

Mr. RALSTON: Is there no way of arranging for the house where the licence fee has been paid to be crossed off the list so that these collectors will not be calling more than once at a house where the licence fee has already been paid and where the licence is on hand?

Mr. DURANLEAU: It is very difficult to check the lists up accurately from day to day to show who has paid and who has not paid the licence fee. We have a fairly good system, although ocasionally a collector may call at a house where the licence fee has already been paid. In such a case the collector looks at the receipt and reports.

Mr. RALSTON: I am going to ask the minister to look into the matter because I know one house where the licence fee was paid and men called three times after that, asking to see the licence. The licence fee was not paid to a collector but was obtained through the post office. There is some duplication there that makes it troublesome for the householders who have paid their licence fee. I think the department should arrange some system whereby those who had procured a licence from the post office or other central place would be marked off the list so that they would not be called on.

Mr. DURANLEAU: If my hon. friend will give me the particulars I shall be very glad to look into the case and see that it does not occur again.

Mr. RALSTON: I shall do that.

Mr. MACKENZIE (Vancouver): Were all the details of this item investigated by the radio committee?

Mr. DURANLEAU: I think so.

Mr. MACKENZIE (Vancouver): Has the committee reported yet?

Mr. DURANLEAU: No.

Mr. MACKENZIE (Vancouver): I would suggest that we hold over the item in the supplementary estimates for radio if this is to go through to-night.

Mr. BENNETT: We will. There is an item of $250,000 in the supplementaries for radio, and it is not intended to curtail the discussion on that by passing this item.

Mr. REID: Last year I drew the minister's attention to the fact that people who live in cities such as Vancouver or New Westminster are able to obtain the services of radio interference inspectors, and I urged that the same service should be given to people living in the rural parts. Complaints have come to me from rural parts that they cannot obtain the services of interference inspectors. I understood from the minister last year that there was just a certain number of them. I draw his attention to the matter again this year, and would urge upon him that those who live in the country, even if it is only a few miles out, have just as much right to this service as people who live in the city.

Mr. DURANLEAU: I have given instructions to every station that the interference inspectors shall give the best possible service in the rural districts as well as in the cities, but of course the rural districts, being further away from the station, cannot get as quick a service as those cities. I am sure that our employees are carrying out my instructions but I will see if some further improvement cannot be made.

Mr. VENIOT: Might I call the minister's attention to a complaint so that he can transmit it to the radio commission? Something seems to be radically wrong with the radio service in northern New Brunswick. We can

get New Carlisle quite easily but we cannot get Saint John or Fredericton unless they are hooked up on a dominion wide service, and then we can get them only through New Carlisle.

Mr. DURANLEAU: I shall draw the attention of the commission to the point raised by my hon. friend.

Item agreed to.

TRADE AND COMMERCE

The Canada Grain Act, including management, operation, maintenance and equipment of elevators, administration of, $1,810,571.10.

Mr. BENNETT: The Minister of Trade and Commerce (Mr. Stevens) is not here this evening but there is an item in the supplementary estimates which will permit of any discussion which may be desired. This item has been discussed at some length, and it is in the hands of the committee as to what action shall be taken.

Mr. MACKENZIE KING: If it is understood that this matter may be discussed in the supplementaries, we might pass it.

Item agreed to.

PENSIONS AND NATIONAL HEALTH

Unemployment relief, $2,100,000.

Mr. BENNETT: This item is also covered by another item in the supplementaries so there will be ample opportunity for discussion.

Mr. MACKENZIE KING: This item relates to unemployment relief. As the public works construction program is still to be brought down, I think this item should stand.

Mr. BENNETT: This item relates only to special soldier unemployment. I suggest that this matter could be discussed under items 297 and 298 of the supplementaries.

Mr. MACKENZIE KING: I know some hon. members desire to discuss the absence of a clear line of demarcation between the relief granted to returned men and general relief. I thought as regards relief there was supposed to be a line of demarcation between the two. If the Prime Minister will undertake to say that on the supplementary items we may discuss the whole question of relief, whether it relates to returned men or to unemployment generally, I see no reason why this item might not be allowed to pass.

Mr. BENNETT: I think item 297 is broad enough to cover all discussion which may be desired. If it is not, so far as the government is concerned, they will make it so.

Item agreed to.

PENITENTIARIES

Amount required for cost of administration, construction, purchase of land, supplies and equipment, maintenance and discharge of inmates at Kingston, St. Vincent de Paul, Dorchester, Manitoba, British Columbia, Piers Island, Saskatchewan and Collin's Bay penitentiaries, $2,833,850.

Mr. BENNETT: The Minister of Justice undertook that penitentiaries would not be discussed until the hon. member for Kingston City and the hon. member for Southeast Grey were in their places. However, item 289 deals with penitentiaries and can be made the basis of any discussion which may be desired with respect to this matter. We could undertake to debate this on Friday in order to give the two hon. members an opportunity to be present.

Mr. REID: I should like to know if the department has given any attention to the question of hours in the penitentiaries. The minister will remember that I brought up this matter last year.

Mr. GUTHRIE: I have a report on that matter but I do not have it before me this evening. When the other item is called I will give my hon. friend the information he desires.

Item agreed to.

Mr. MACKENZIE (Vancouver): Would it be possible to set a definite day for the discussion of pensions?

Mr. BENNETT: We are ready to accommodate ourselves to any day the hon. gentleman suggests. It was my purpose to take up the insurance bills on Wednesday.

Mr. MACKENZIE (Vancouver): Would Thursday be all right?

Mr. BENNETT: I see no reason why it should not.

Mr. RALSTON: It will not be before Thursday?

Mr. BENNETT: Not before Thursday.

Mr. RALSTON: It is understood that we are to have the opportunity to discuss pensions without limitation to the two items which appear in the supplementary estimates?

Mr. BENNETT: It is understood that on those items all matters relating to pensions may be discussed in all their phases.

Resolutions reported, read the second time, and concurred in.

WAYS AND MEANS

SUPPLY BILL

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Smith (Cumberland) in the chair.

Mr. BENNETT moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1935, the sum of $135,756,833.73 be granted out of the consolidated revenue fund of Canada.

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 109, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1935.

Motion agreed to and bill read the first time.

SUPPLY

RAILWAYS AND CANALS

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee of supply.

Motion agreed to and the house went into committee of supply, Mr. Smith (Cumberland) in the chair.

Lachine canal—to provide for a contribution by the Department of Railways and Canals, in accordance with the agreement of 1930, of one-third of the cost of the construction of a tunnel for vehicular and tramway traffic under the Lachine canal at Wellington street, Montreal, such cost not to exceed $2,356,170, $785,390.

Mr. MACKENZIE KING: Some Montreal members might wish to speak on this.

Mr. BENNETT: We will let it stand.

Item stands.

Contribution to the railway grade crossing fund on account of the obligations of the fund in connection with the Hamilton viaduct, $500,000.

Mr. BENNETT: Is there any desire that this item should stand?

Mr. MACKENZIE KING: The hon. member for East Hamilton might like to say something about it.

Item stands.

[Mr. Bennett.]

Grant in aid of the four hundredth anniversary celebration of the landing of Jacques Cartier and to assist celebrations at Gaspe, Three Rivers, Ottawa and Niagara, to be disbursed under the direction of the treasury board, $100,000.

Mr. VENIOT: This item is for the celebration of the four hundredth anniversary of the landing of Jacques Cartier, and I notice that $100,000 is to be distributed in Gaspe, Three Rivers, Ottawa and Niagara. I do not wish to oppose the granting of this amount but I would call attention to the fact that the place of Jacques Cartier's first landing, in what is now known as the Dominion of Canada, was not on the Gaspe coast but at the entrance to Bathurst harbour. According to the description given in history of his peregrinations in the straits of Northumberland and the bay of Chaleur, he landed first on what is now Canadian soil at the entrance to Bathurst harbour, now known as Caron Point. I do not think the government should have left Bathurst out entirely in the distribution of this amount. I want it to become a matter of general history that the fact is as I have stated.

Item agreed to.

Amount required to meet loss on exchange, subject to approval of the treasury board, $320,000.

Mr. BENNETT: This item I submit with some regret, but there is no method I know of by which it can be obviated. Our contributions to the League of Nations and payments abroad have cost us a very considerable sum of money during the last year. It aggregates the enormous sum of $320,000 to take care of arrears in connection with exchange and to provide for the next fiscal year: Some of the nations of the world have experienced great difficulty in connection with the depreciated currency of their countries and the payment of their servants abroad, and this is the smallest sum that will take care of the situation. I may as well tell the committee frankly that this is a large sum, but there is no other way of getting out of it and discharging our obligations in terms of the gold franc.

Mr. RALSTON: There is nothing else than loss of exchange.

Mr. BENNETT: Those are the exact figures computed in the Department of External Affairs and given me by the Under Secretary.

Item agreed to.

To provide hereby for payment to the province of New Brunswick of the amount at credit of its debt allowance account, $529,299.39.

Mr. BENNETT: Is there any reason why we should not proceed with this item?

Mr. VENIOT: It is only the withdrawal by New Brunswick of the amount of its deposits since confederation, although I think the province should have left that nest egg there.

Item agreed to.

To provide for the arbitration expenses, "I'm Alone" case (revote), $4,700.

Mr. BENNETT: There is some likelihood of there being a termination of this matter during the year 1934.

Item agreed to.

Salaries and contingent expenses of the several ports of the dominion, etc.—further amount required, $25,000.

To provide for payment to William Caven, formerly dominion inspector of excise, compensation and expenses for services performed after his retirement, in connection with the revision of the Excise Act, $1,500.

To pay a compassionate allowance to John M. Leblanc, a former member of the preventive service who suffered injury while on duty on patrol boat No. 3, $2,000.

To provide for the administration of the Income War Tax Act, 1917, and amendments thereof, and authority for this purpose to create positions and make appointments, notwithstanding anything contained in the Civil Service Act and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act—further amount required, $50,000.

Mr. BENNETT: This item of $25,000 represents the requisition made by the Department of National Revenue for the extra sum required to enable them to collect revenues. The next item deals with assistance given by Mr. Caven, formerly dominion inspector of excise, in the preparation of the Excise Act which was before the house the other day. The next item refers to a former employee who was injured on board a patrol boat. He would have received this sum under the Workmen's Compensation Act had the provisions of that act applied. That is the advice given the department with respect to the matter. The next item, as will be seen, is the sum required by the income tax branch for the administration of the Income War Tax Act for the purpose of enabling them to give effect to the provisions of the law as they now stand. We had a larger sum the previous year but it was not expended and this amount is required. If the committee thinks it does not require further information than that, we might pass the items; otherwise I should be glad to let them stand.

Mr. MACKENZIE KING: The only point about the item is the withdrawal from the provisions of the Civil Service Act of the staff administering the Income War Tax Act. I understand they have never come under the Civil Service Act.

Mr. BENNETT: I assure the leader of the opposition that there is no change in that regard, for reasons of which he is fully aware. You have to get for part of the time chartered accountants and men of that character. They do not work continuously during the year; they work for a given length of time and then are reemployed later. In the stress of time of payment they are employed in large numbers and at other times in fewer.

Item agreed to.

Adjustment of war claims—

Secretary of State—amount required to pay the expenses of litigation relating to the recovery of payments made on reparation account, $6,000.

Mr. CAHAN: This is required to pay an estimated amount of expenses of the litigation now pending in order to recover certain amounts which it is alleged were obtained by false representations in connection with payments of reparations. I need not stress the matter; I think all hon. members understand the application of this item.

Item agreed to.

Miscellaneous—

Public Archives—further amount required, $51,620.

Mr. CAHAN: Of this, $7,000 is required to compensate employees who are engaged in the Archives office in Paris in respect of the depreciation of our currency when their salaries are paid in francs. Those employees receive very small salaries, hardly a living wage, and when the franc was reduced by forty per cent exchange they were nearly on the street, so I wish to pay that $7,000 loss on exchange. There are one or two small items, but the other large item is in connection with the balance of the payment in respect of the acquisition of the two portraits concerning which I laid orders in council on the table a short time ago.

Mr. MACKENZIE KING: I do not wish to take exception to the purchase of these portraits, but I should like to draw attention to the special pleading of the Secretary of

State in his order in council. He has sought to have it appear that the government had made this purchase largely because the previous administration had had some negotiations in connection with a possible purchase of the paintings. I may say the fact is that the previous administration did not purchase the paintings, so that the responsibility for their purchase as well as the full credit for it must fall to my hon. friend.

Mr. CAHAN: I accept it.

Mr. MACKENZIE KING: They are both historical paintings which ought in my opinion to belong to the nation, but I do not see that the fact that Lord Durham in his report on the rebellion of 1837 made mention of Papineau and Mackenzie had anything to do with the purchase of the Durham portrait. That is set forth in the order in council or in the statement given to the press.

Mr. CAHAN: Nevertheless, when the dominion archivist recommended the purchase of those paintings I was informed that during the preceding regime an effort had been made to make the purchase but that the figure at which they were held was so high that the purchase was not completed. The judgment of the right hon. gentleman in a matter of that kind weighed very heavily with me and I so represented to council.

Mr. MACKENZIE KING: I want to remind the Secretary of State that from a reading of the order in council or the published statement one would think that because the hon. member for Labelle (Mr. Bourassa) happened to be the grandson of Louis Joseph Papineau and I the grandson of Mackenzie, he had purchased the pictures.

Mr. BENNETT: It is just possible he did.

Mr. CAHAN: I was influenced very much in another matter because the right hon. gentleman is the grandson of his grandfather. I may state now that the extreme language of the oath of allegiance which is preserved to this day was first adopted by the legislature of Upper Canada at a time when the grandfather of the right hon. gentleman, having been a member, had been expelled. That oath was prescribed apparently for the express purpose of keeping him out of the legislature. The fact of his expulsion and the fact that this extreme form of oath, which was not found anywhere else in the British Empire, was prescribed and exacted under those circumstances constituted a strong argument in my mind in favour of effecting its repeal at this late date, after a lapse of nearly a century.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: After having had the satisfaction of witnessing hon. gentlemen opposite move to repeal that particular oath and also of having had the satisfaction myself of joining with them in the vote to have it repealed, I am more strongly convinced than ever that there is such a thing as eternal justice.

Item agreed to.

Labour—
International Labour Conference—further amount required, $5,000.

Mr. BENNETT: This provides for additional representation at the conference at Geneva and merely covers the expenses at a given rate at which such representation is made. It was claimed that this being the year in which the labour delegates and their advisers and employers and employees were also represented, this represents the sum of money to enable them to go.

Item agreed to.

Labour—
To reimburse Mr. Joseph MacDonald, Winnipeg, Man., for a claim against the Dominion government, equivalent to one-third of his expenditure in connection with a relief scheme which the city of Winnipeg authorized him to undertake in 1921, $5,345.47.

Mr. BENNETT: This is an item that the minister merely reported had been going on year after year in connection with a case in which a man named Joseph MacDonald claimed that he should get one-third of an expenditure which was actually made under the direction of the city. The province paid its third; the city paid its third and we have not paid ours. He claimed that he was entitled to it. He sued the city and lost. Claim has been pressed for this for many years. The minister brought it up and recommended that it should be paid.

Mr. MACKENZIE (Vancouver): Was there any arbitration?

Mr. BENNETT: The amount is not in question; the question was as to whether he really should get it.

Mr. MACKENZIE KING: I suppose this is not an item on which the leader of the Cooperative Commonwealth Federation would wish to speak. If the Prime Minister will take the responsibility of going ahead with it I shall be glad to share it with him.

Item agreed to.

Public printing and stationery: plant, repairs and renewals, further amount required, $6,800.

Mr. CAHAN: We had no vote for repairs last year—

Some hon. MEMBERS: Carried.

Item agreed to.

Mines and geological survey: geological survey: for exploration, surveys and investigations, wages of explorers, topographers and others—further amount required, $24,300.

For publications of English and French editions of reports, maps, illustrations, etc.—further amount required, $10,000.

Mr. BENNETT: I do not suppose I can usefully add anything in connection with these technical items. The permanent officials say these amounts are necessary in order that they may discharge their duties. One item is for printing reports, maps and so on of the geological survey, while the other item arises from extra expenditures made in the northwest territories in the vicinity of the pitchblende deposits from which radium is extracted.

Mr. RALSTON: Is there anything in this item for aviation?

Mr. BENNETT: So far as my memory serves me the answer is no.

Item agreed to.

Department of Marine: meteorological service, including magnetic observatory, etc.—further amount required, $14,000.

Mr. BENNETT: This stands in exactly the same position.

Item agreed to.

Department of the Interior: Dominion Observatory: expenses connected with the dominion observatory at Ottawa — further amount required, $2,000.

Mr. BENNETT: Hon. gentlemen will be familiar with this item. This $2,000 is to take care of the extra expenditures that were necessary in order to make this observatory efficient after the reduction of staff became effective under last year's order in council.

Item agreed to.

International Boundary Commission: expenses connected with the maintenance in a state of effective demarcation of the international boundary—further amount required, $12,000.

Mr. BENNETT: This deals with matters for which we have voted funds from year to year. This amount provides for the expenses of the demarcation of boundary lines between the United States and our own country.

Mr. REID: Would the Prime Minister allow this to stand until the minister is here?

Mr. BENNETT: Certainly.

Item stands.

Public works—Saskatchewan—
Arcola—purchase of building, $4,500.
Broadview—purchase of property for public building, $4,000.
Gull Lake—to purchase building for post office, $10,000.
Kerrobert—to purchase building for postal purposes, $7,000.
Kinistino—to purchase building for post office, $7,000.

Mr. BENNETT: Possibly this requires a little explanation. The chartered banks have been reducing their branches in western Canada to some extent; where there were two banks now there is only one. These buildings were offered at extremely low prices, and after having them inspected the minister recommended that we avail ourselves of this opportunity to secure public buildings at a very reasonable price. I might just tell the committee frankly how that happened.

Mr. TOTZKE: Does that apply to all the items?

Mr. BENNETT: No, just where you see the purchase of property.

Mr. MACKENZIE KING: Have they been before the price spreads committee?

Mr. BENNETT: No, but they have been before the committee for making bargains without conscience with those well able to stand any loss.

Item agreed to.

Ontario—harbours and rivers—
Blind River—dredging—further amount required, $2,500.
Little Castor river and Annable creek—contribution to the municipality of the township of Winchester towards dredging Little Castor river and Annable creek, the provincial government to contribute a like amount, $8,000.
Spring creek—contribution to the municipality of the township of Lochiel, Glengarry county, towards the cost of dredging Spring creek, the provincial government having contributed a like amount, $5,000.

Mr. RALSTON: Previously I directed the Prime Minister's attention to a very small work in Nova Scotia, and my right hon. friend said he would examine my representations and endeavour to meet them either in the supplementary estimates or in the public works program. I note that no provision is made here, so I am hoping—

Mr. BENNETT: I think with all confidence the hon. gentleman may rely upon the fact that it is there if it is not here.

Mr. VENIOT: I am sorry the Minister of Public Works is not in his place.

Mr. BENNETT: The item can stand if the hon. gentleman so desires.

Mr. VENIOT: No; the minister may see my remarks in Hansard and give me the information. I understand there is nothing in the supplementary estimates for harbours and rivers in the province of New Brunswick; therefore the minister has not put in anything for the dredging of Tracadie harbour. I understand the dredge has been lying idle there for the last two or three years but that now it is being put in shape in order to be removed to some point in Prince Edward Island. I regret this very much, because the work at Tracadie is very important and if the dredging that has been started is not carried to a conclusion the fishermen of that section will have no protection in carrying on their industry. There is a breakwater costing $176,000 which cannot be utilized until this dredging is done. I hope the government will see its way clear in the bill that is to be introduced perhaps to-morrow, dealing with public works throughout the dominion, to include something for the completion of the dredging of Tracadie harbour.

Item agreed to.

Indians: to provide for payment to the Long Plain Indian Band for lands taken by the Department of Indian Affairs to establish a reserve for the Sioux Indians who formerly resided in the municipality of Portage la Prairie, $14,000.

Mr. BENNETT: This is to pay a band of Indians for land taken from them.

Item agreed to.

Royal Canadian Mounted Police: compassionate allowance to Mrs. Madeline Mary Shoebotham, formerly the widow of the late Superintendent, P. M. Shoebotham of the Royal Canadian Mounted Police, $810.

Mr. BENNETT: This is merely a small item for compensation.

Item agreed to.

Department of the Interior: to provide for necessary improvements on landing fields and air harbours at Fort Smith and Rae, N.W.T., $3,000.

Grant in aid of Shackleton expedition to Ellesmere island, $1,000.

Mr. BENNETT: The first item refers to improvements to be made at those two far northern ports in order that the airplanes carrying the mails may land with as little danger as possible. The second item has to do with the Shackleton expedition, of which members of the committee doubtless have read. That expedition is going into the far north, and the request was made to the Department of the Interior, if the information obtained was to be made available to the dominion, that they should contribute $1,000. The thousand dollars is thus contributed to the expedition.

Item agreed to.

Dominion Lands, Parks, etc.—

To provide for the building and equipment of a mining recorder's office at Cameron Bay, Great Bear Lake, N.W.T., $5,000.

To provide for the expenses incurred under the Lake of the Woods Control Board Act, 1921, and under the agreement between the dominion, Ontario and Manitoba, confirmed by the Lac Seul Conservation Act, 1928, for the construction of a dam at the outlet of Lac Seul and its operation by the Lake of the Woods Control Board, moneys expended to be reimbursed to the dominion by the province of Manitoba under the terms of paragraph 8 of the Manitoba transfer agreement, $20,000.

To provide for the expenses incurred under the Lake of the Woods Convention, 1925, for Canadian participation in legal proceedings in the United States incidental to acquiring a flowage easement over lands bordering on Lake of the Woods in the United States, two-thirds of the moneys expended to be reimbursed to the dominion by the provinces of Manitoba and Ontario under the terms of the agreement of November 15, 1922, $10,000.

Mr. BENNETT: It depends entirely on the committee as to whether we should proceed with these items. I can give the explanations with respect to them. There has been a considerable amount of activity up near Cameron bay, on Great Bear lake, in the Northwest Territories, and it has been thought desirable to erect a building for the mining recorder. Only a small building is required, but as it will be removed some distance from the railhead it will cost about $5,000. Then, as hon. members will observe, the next part of the item is connected with our statutory obligation, in reality our treaty obligation, in connection with Lac Seul and for the expenses incurred under the Lake of the Woods Control Board Act, 1921. The next part of the item has to do with the recent legal proceedings which terminated successfully for the contention of the dominion as to the basis upon which compensation should be assessed for those whose lands were affected by the rising of the water in the lake of the Woods district. The contention made by the Department of the Interior and by certain interests in the United States was sustained in the courts of that country. The

principle upon which the assessment is to proceed is the ordinary principle of compensation, and not of some special value attached to these particular lands because of their alleged usefulness for particular purposes.

Item agreed to.

Federal district commission—to provide for maintenance and improvement of properties under the control of the federal district commission—further amount required, $10,000.

Mr. BENNETT: I think the right hon. gentleman is aware that arrangements have been made to ask the federal district commission to take over certain work done by the Department of Public Works in this city, as the federal district commission has, shall I say, done the work much more satisfactorily than it could possibly be done by various persons attached to the Department of Public Works. They have the office, the equipment and the machinery.

Item agreed to.

Mr. BENNETT: I assume that we should wait for a better attendance in the committee before proceeding to the items concerning the marketing act and the franchise act, because there might be some further discussion.

Mr. MACKENZIE KING: Yes, those items might be allowed to stand.

Mr. BENNETT: Then there is to be an opportunity on item 361, under the Department of Trade and Commerce, to allow a discussion to take place with respect to the Grain Act. I do not know whether there is any special interest in the other two items under that department.

Mr. MACKENZIE KING: They had better stand.

Progress reported.

FOOD AND DRUGS ACT AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister) (for the Minister of Pensions and National Health (Mr. MacLaren) moved the third reading of Bill No. 70, to amend the Food and Drugs Act.

Motion agreed to, and bill read the third time and passed.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. BENNETT moved the adjournment of the house.

He said: I gathered yesterday that the discussion on the shipping bill was to go on to-day, but this evening the hon. member for Comox-Alberni indicated that he did not wish to go on to-night, and for that reason we shall not. To-morrow we will continue with the shipping bill. I promised we would introduce order No. 31 to-morrow, and that we would move the house into committee of the whole on the resolution on which to found a bill. Then we will take shipping, and there are some introductions of bills and some third readings. We will endeavour to get rid of as much as possible appearing on the order paper.

Mr. RALSTON: When will the Prime Minister be considering item No. 30 on the order paper, respecting Bill No. 72, to amend the Canadian and British Insurance Companies Act, 1932?

Mr. BENNETT: I propose to take it on Wednesday. I had set it down for to-morrow, but there was a conference between some of those interested in it, and as a result we will take it on Wednesday.

Mr. SPENCER: When will the Prime Minister go on with the Bank of Canada Act?

Mr. BENNETT: I want to get that to the Senate as soon as I reasonably can. I believe we can take that also on Wednesday.

Motion agreed to and the house adjourned at 10.20 p.m.

Tuesday, June 19, 1934

The house met at three o'clock.

PRIVATE BILLS

Right Hon. R. B. BENNETT (Prime Minister) moved:

That for the remainder of the session all private bills when presented be read a first and second time and referred forthwith, and that standing order 105, respecting the posting of private bills, be suspended.

Motion agreed to.

BANKING AND COMMERCE

MOTION FOR CONCURRENCE IN COMMITTEE REPORT AND AMENDMENT THERETO

Mr. R. B. HANSON (York-Sunbury): Mr. Speaker, I beg to move that the eighth report of the select standing committee on banking and commerce be concurred in. It will be recalled that this report was presented on Thursday last. Unanimous consent not having been given at that time the matter stood as a notice of motion. I now desire to make the

motion for concurrence, chiefly for the purpose of having approval of the house so that the proceedings may be printed.

Mr. G. G. COOTE (Macleod): Mr. Speaker, I have no objection to anything contained in the report of the banking and commerce committee. I believe the committee did its work most diligently on the two bills which formed the greater part of their activities, namely Bill No. 18 respecting banks and banking and Bill No. 19, to incorporate the Bank of Canada.

There were two matters dealt with by the committee which I believe were not considered as fully as they should have been. The first is the preamble to Bill No. 19. That preamble states the purpose for which the bank is set up, and I believe greater consideration should be given to it. When I make this statement I am not criticizing the committee in any way. The time at the disposal of the committee was limited, and I know there was a feeling that these bills should be put through the committee stage in good time so as to enable consideration by the house and by the Senate.

As is stated in the report in which concurrence is now moved certain other matters were considered by the committee, namely, the resolution by Major Power asking for an investigation into certain specified items. The last one, particularly, was not given the consideration which I am sure it deserved. This item asked for an investigation into the relationship between the banks, or any of them, and the pulp and paper industry and the extent to which the uncontrolled extension of credit brought about over-capitalization and over-expansion and the subsequent disorganization and near bankruptcy of an industry dealing in some of the most valuable of our natural resources. Then it goes on to ask that certain witnesses be called, and asks that counsel learned in the law should be secured by the committee to assist in the investigation into this particular matter. If I remember correctly the house authorized the committee to employ counsel, but the committee did not see fit to do so when the matter was further considered.

I feel that this matter is a very important one and deserving of further investigation. I should like to urge upon the house that the committee be instructed to give further consideration to it. I know there is a disposition on the part of some hon. members to say that we should not attempt even to suggest to a committee which might sit next year anything as to the nature of the work in which it should engage, but if the committee of this session feel it has not thoroughly investigated the matter, and that it is worthy of further investigation. I believe we would be failing in our duty if we did not state our opinion to the house for the benefit of the committee next year. Without taking up further time of the house I wish to move:

That the eighth report of the select standing committee on banking and commerce be not now concurred in but that it be recommitted to the said standing committee with instructions that they have power to amend the same so as to recommend:

That at the next session of parliament the said committee be empowered to consider the degree to which the extension of credit by the Canadian chartered banks brought about over-capitalization and over-expansion in major Canadian industries involving the most valuable of Canada's natural resources; to investigate the role played in that disorganization by the overzealous salesmanship of self-styled investment bankers; to investigate any other matters relating to the capitalization or financing of these major industries; to consider the regulation of credit and currency, the control and protection of the external value of the national monetary unit and the basis, if any, which should underlie that unit, the influences which cause fluctuations in the general level of production, trade, prices and employment and the proper monetary action necessary to mitigate those fluctuations and, generally, the promotion of the economic and financial welfare of the people of the Dominion of Canada; with power to send for persons, papers and records and with instructions to report from time to time to the House of Commons any recommendations which, if parliament should so decide, should be referred to the executive committee and/or the board of the Bank of Canada for consideration and such action, as in the premises, might be deemed necessary to attain the objects set out in the preamble of the act to incorporate the Bank of Canada; and with instructions that counsel learned in the law and such other persons as the said committee may designate be appointed to assist the committee in the above inquiries.

Mr. SPEAKER: In my opinion the amendment moved by the hon. member for Macleod (Mr. Coote) is not in order as this house cannot direct what shall be done by the house at the next or any future session of parliament. The question is on the main motion.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Speaking to the motion, Mr. Speaker, may I quote paragraph 2 of the motion moved in the banking and commerce committee by my hon. friend from Quebec South (Mr. Power), that the committee inquire into:

The general policies adopted by the chartered banks to combat the effects of the depression, and to what extent the said banks are responsible for the drastic deflation from which the country suffered and is still suffering.

Last year the rate of interest paid by the banks to depositors was decreased by one-half of one per cent. In return the banks were supposed to decrease the rate of interest to be paid by municipalities on the loans advanced to them by the banks, but before that happened, the banks raised their rate of interest to the municipalities by one-half of one per cent, and then later removed that one-half of one per cent, with the result that the municipalities are paying exactly the same rate of interest as they did before, and the reduction of one-half of one per cent paid by the banks to depositors has served only to cover the losses sustained by the banks. So by paying less interest to the depositors it is now the privilege of the banks to increase their reserve funds and to cover their losses. If banking matters are still to be studied by the banking committee until the end of this session I take the liberty of drawing the attention of the members of that committee to that very important fact.

Hon. IAN MACKENZIE (Vancouver Centre): As a member of the committee who asked for delay when the report was first submitted by the hon. member for York-Sunbury (Mr. Hanson) I desire to state my own personal position.

I am quite in sympathy with the sense of the amendment that has just been moved by the hon. member for Macleod (Mr. Coote), but I quite agree with Your Honour's ruling that it is possibly out of order. At the same time I desire to state that if at another session I am in my place, I certainly intend to move that an investigation be pursued along the lines contained in the amendment of the hon. member for Macleod.

The first point raised by him was a discussion of the preamble of Bill No. 19. I maintain that we are still entitled when Bill No. 19 comes before the house, to-morrow possibly, to discuss that preamble both in principle and in detail.

The second point raised by the hon. member was the resolution that was moved in the committee on banking and commerce by my hon. friend from Quebec South (Mr. Power). I do submit that the committee was handicapped and hampered in its investigations of the six subclauses of that resolution by the unwillingness, if I may use that polite word, of the committee to grant us counsel as we requested on the first day of that investigation. I do still think that the amendment that was moved by the hon. member for Cartier (Mr. Jacobs) to have other industries added was very much in order and very much required by the sentiment of the country at the present time. I agree that possibly it may be more in order to move at the next session of parliament that this investigation be pursued.

I must express my own personal disappointment at the reception given by the banking committee to some of the suggestions that were made from the minority groups in that committee. At the same time I wish to express here my sense of appreciation of the fairness and the ability and the courtesy of the chairman of that committee during its recent deliberations.

Mr. C. G. POWER (Quebec South): Mr. Speaker, I only wish to add a word to what has been said by my hon. friend from Vancouver Centre (Mr. Mackenzie) and to take a somewhat similar attitude to that which he has taken. May I also join with him in paying a tribute to the ability and courtesy and fairness of our hon. friend from York-Sunbury (Mr. Hanson) who so ably presided over the deliberations of that committee.

Mr. DUFF: Beware of the Greeks bearing gifts!

Mr. POWER: Personally I must add to what has been said by the hon. member for Vancouver Centre that I regret that the members of the committee did not consider it advisable to provide the committee with counsel in order to inquire further into matters which were the subject of the resolution which I proposed in the committee. It is not for me I suppose to apologize for the manner in which the inquiry was conducted, but may I say that from the very moment that it became clear that counsel was not to be permitted, this investigation no longer became an investigation but a polite discussion as between the bankers and some members of the committee. It was obviously impossible for one who is not familiar with all the phases of the banking situation and whose profession does not lend itself to a thorough study of financial conditions in this country to examine or cross-examine leaders of industry and finance in this country with any degree of knowledge. We did the best that we could under the circumstances, and if more information of value to the public and to the committee in its deliberations was not made available, it is due I think largely to the fact that we were not assisted by counsel, accountants and others who would have been able to make a more searching investigation. I should say that in my opinion which may not perhaps be shared by other members of the committee, we did at least bring to light certain facts which were in the

public interest and show that though perhaps the professional bankers who appeared before us are men of high standing and character and have carried on their duties as bankers conspicuously well, there are still some defects, if I may use that term, in our banking system and those defects should be studied by those interested in the finances and the financial and economic welfare of this country in order that sooner or later—preferably sooner—they may be remedied.

As to some of the other questions which were brought to our attention and which were studied, mainly the question of interlocking directorates, I have only to point to the admission of the bankers themselves. Both Sir Charles Gordon and Sir Herbert Holt stated that if the power which they had in their hands were in the hands of someone else who in their opinion was less desirous of consulting only the public weal and not their own selfishness, that power would be a very dangerous one. This admission, or statement if you like, was made by Sir Charles Gordon and was confirmed by Sir Herbert Holt. I think this goes a long way towards justifying those who stated in this house that one of the dangers to the body politic was the great control, power and influence which certain prominent industrialists had over the financial and economic welfare of the country.

Hon. PETER VENIOT (Gloucester): Mr. Speaker, before this report is adopted I should like to know if it is the last report of the committee?

Mr. HANSON (York-Sunbury): Yes.

Mr. VENIOT: I desire to take advantage of this occasion to refer to an incident which took place before the subcommittee of the banking committee which sat in Montreal. As I read the report a reference was made by Sir Herbert Holt to the development of horse power and the building of newsprint and pulp mills in New Brunswick. He made a statement with reference to Fraser Companies Limited and the premier of New Brunswick. He did not name the premier but I happened to be premier from 1923 to 1925 and had considerable to do with the initiating of the development of water power in that province, especially at Grand Falls. While Sir Herbert Holt was not definite in the statement he made, if he had in mind the connecting of myself as premier of the province with any transactions of Fraser Companies Limited in the development of horse power, I desire to dissociate myself from that reference. So far as Fraser Companies Limited and myself as premier of New Brunswick at that time are concerned, they had nothing to do with the action I was prompted to take in connection with the development at Grand Falls at that time.

Mr. R. B. HANSON (York-Sunbury): Mr. Speaker, I have just one word to say in reply. I should like to take advantage of this opportunity to thank the hon. member for Quebec South (Mr. Power) and the hon. member for Vancouver Centre (Mr. Mackenzie) for their kind expressions with reference to myself. I should like to say also that the subject matter of the amendment moved by the hon. member for Macleod (Mr. Coote) was considered very fully by the committee. While there was no unanimity, I think I am within the judgment of the members of the committee when I say that it was considered very fully. The members of the committee thought that no useful purpose would be served by adding a rider of that character. The hon. members for Macleod, Vancouver Centre and Quebec South have referred also to the failure of the committee to implement the authority given by the house to employ counsel. May I say to the house and to the country that this matter was considered very fully and the decision arrived at was that considering in a committee of fifty there were twenty-two members who were lawyers of high standing and with considerable knowledge of public business, the employment of counsel was unnecessary. I think it is the considered judgment of the committee that by this action we saved the taxpayers of this country a large sum of money. One word more. I did not understand that Sir Herbert Holt had any reference to the hon. member for Gloucester (Mr. Veniot) in the statement he made.

Motion agreed to on division.

DOMINION NOTES ACT

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I propose to ask leave to introduce a bill to amend the Dominion Notes Act. I gave notice yesterday to have this placed on the order paper for to-day. This notice appears in votes and proceedings and I should like to make this motion and give a short explanation before moving the resolution which stands in the name of the Minister of Public Works (Mr. Stewart). These two matters are related. With the consent of the house, I should like to move for leave to introduce a bill to amend the Dominion Notes Act.

Mr. LAPOINTE: Explain.

Mr. BENNETT: Mr. Speaker, in view of the pending establishment of the Bank of Canada which will take over the dominion note issue, it is necessary to introduce in this house a bill which will repeal the present Dominion Notes Act and provide for a strictly limited interim elasticity in the note issue, the necessity for which occurs out of circumstances surrounding this period of transitional issue and the new conditions incident to the establishment of the Bank of Canada. Section one of the proposed bill will provide that $120,000,000 of dominion notes may be issued with twenty-five per cent gold coverage and that any issue in excess of that shall be covered to the extent of one hundred cents on the dollar.

Possibly the house may be interested in knowing something of the present condition of our note issue legislation. I had occasion during the session briefly to direct attention to this and I do not propose to review this matter in full. Under the Dominion Notes Act, which is chapter 41 of the Revised Statutes of Canada, 1927, dominion notes may be issued against a twenty-five per cent gold coverage or backing. Above this amount dollar for dollar in gold is required to be held by the Minister of Finance as security for the redemption of these dominion notes. It will be observed that the amendment substitutes $120,000,000 for $50,000,000. In addition to that we have the Finance Act which provides, as is known, for advances of dominion notes being made to the chartered banks on the strength of such approved securities as may be deposited with the Minister of Finance. The Finance Act, as is well known, is chapter 70 of the revised statutes of 1927. Then, in 1915, by chapter 4 authority was given for the issue of $26,000,000 of dominion notes. These notes have been issued and are outstanding; $16,000,000 of them are issued against certain railway securities, and the balance of $10,000,000 has been issued without any specific security.

On the basis of the legal provisions, the dominion's note circulation on May 31, 1934, showed outstanding dominion notes amounting in the aggregate to $171,110,949.69, issued as follows: Under chapter 4 of the statutes of 1915, to which I have just referred, covered by railway securities to the extent of $16,000,000, and not specifically secured as to $10,000,000—$26,000,000. Under the Finance Act, being chapter 70 of the Revised Statutes of Canada of 1927, an issue of $38,444,000; advances made to the banks, secured by deposit of approved securities and under the Dominion Notes Act, being the chapter with which we are now dealing, chapter 41 of the revised statutes of 1927, there was outstanding, May 31, notes to the amount of $106,666,949.69, making a total issue of $171,110,949.69, as I have just indicated.

On the same date, the gold held by the Minister of Finance was reported as follows: Against notes as required by the Dominion Notes Act, chapter 41 of the revised statutes, $69,166,949.69; in excess of the statutory requirements to which I have just referred, $371,002.46—I will not repeat the statutory requirements—and the gold to which I referred yesterday, held in reserve as security for the deposits in the post office savings banks, $2,294,958.85, the statutory requirement being that 10 per cent of gold should be held against such deposits. That makes the total gold held, $71,832,911. If we eliminate the gold that is held for the savings bank deposits, we have a percentage of gold against paper issue of $40\frac{6}{10}$ per cent; that is, for every dollar of outstanding notes at the end of May, the country held $40\frac{6}{10}$ cents in gold.

Now, the most important change to which I am directing attention this afternoon is to authorize the issue of $120,000,000 of notes instead of $50,000,000 as now authorized. The $120,000,000 will be covered by 25 per cent of gold, and above this amount the 100 per cent provision will still apply. In this connection I will trespass upon the time of the house to read again the resolution which was adopted last year at London by the World Monetary and Economic conference. On the recommendation of the subcommittee on technical monetary problems, the conference of sixty-four nations unanimously adopted the following resolution relating to gold reserves to be held by the central banks—D in the report:

> That in order to improve the working of a future gold standard greater elasticity should be given to central bank legal cover provisions; for instance, in so far as the system of percentage gold cover is applied a minimum ratio of not more than 25 per cent should be considered as sufficient; similar elasticity should be achieved by appropriate measures where other systems are applied. However, such changes must not be taken as an excuse for unduly building up a larger superstructure of notes and credits; in other words, the effect of this resolution should be to increase the free reserve of central banks and thereby to strengthen their position.

That is the end of the quotation. It will thus be seen that the proposal I have just suggested to the house, which the proposed legislation enacts, is in accordance with the prudent recommendations of the world conference. In fact, we are providing a margin of reserve in excess of that deemed sufficient by the conference. I offer this comment in advance to dispel any possible doubt in the

minds of those who may regard the proposed action as unorthodox or as a departure from the accepted canons of sound monetary practice. Now I shall give the particulars to the house.

The gold coverage under the old and new proposed arrangements is to be calculated as follows: Total dominion notes outstanding on May 31, 1934, as I have already indicated, $174,110,949. Gold held against the notes at $20.67 per ounce, that is, at the statutory figure—

Mr. MACKENZIE (Vancouver): $171,000,000; the Prime Minister said $174,000,000.

Mr. BENNETT: No. Gold held against notes at $20.67 per ounce, which is the statutory value at present provided, $69,537,952, making the present percentage of gold to notes, as I have just indicated, 40 6/10 per cent. The amendment which I am now offering to the house provides for a maximum increase of the present outstanding issue of $52,871,003. The total possible issue, therefore, under the amendment that I submit, would be $223,981,952. That is on the basis, of course, of the present advances under the Bank Act, which I have already indicated amount to something over $38,000,000. The present gold holdings, as I have just indicated, at $20.67 per ounce, would give us 31 per cent of coverage in gold, even with the increased issue that I have indicated. But if we value the present gold holdings at the present market rate of $35 per ounce, we should have the value of our gold at $117,746,895; and the revalued gold would thus be 52½ per cent of the entire issue provided for by this legislation.

I think it is unnecessary to say to this house that that is a very, very large reserve to have against the issue of paper, of dominion notes. Now, the calculation on the basis of the revalued gold is intended merely to indicate to the house the substantial gold reserves that are held at the present moment and will be held against the increased issue to which I have referred.

I now further indicate to the house the possibilities which the Bank of Canada will have when the transfer of the note issue takes place and after revaluation is effected. In the United States, as is known, they have revalued their gold so that at the moment the reserve of gold held in that country under the new valuation is between $8,000,000,000 and $9,000,000,000. When our revaluation is effected here as I have indicated, if we exercise the power that I am seeking by the legislation submitted to the house, of issuing $120,000,000, we shall still have 52½ per cent of gold coverage on all the paper thus issued.

In the second place, I desire to point out in these calculations no reference has been made to the gold of the chartered banks which is to be transferred to the Bank of Canada. Next, I desire to indicate that the Dominion Notes Act so amended is only to operate until the Bank of Canada Act is in force and the bank is established, at which time, of course, as is well known by hon. members who have been following the legislation, the dominion note issue will be taken over by the new bank under legal requirements as to gold reserve less stringent than those which the present amendment proposes. I need hardly remind the house which has been engaged in passing the legislation, that under the provisions of the statute the bank will be called upon to hold 25 per cent in gold of all the notes that are issued as well as 25 per cent of the deposits which may be made with it under the circumstances provided for in the bill itself, that is by the chartered banks or by the nation itself as the case might be. I mention this because while some hon. members are of the opinion that I err on the conservative side in connection with this legislation, this is to fill the gap between the time when the new bank begins to function and the rising of this house; that is, we must make provision for the situation that develops between now and the time the new bank comes in, and we have dealt with the matter as indicated by this legislation. I think it may be said that the effect of the amendment will be to provide an element of elasticity in the note issue, which element of course is to be one of the outstanding features of the central bank and one which we believe will be of the utmost value to the dominion.

The next point I desire to make in regard to the amendment has to do with the necessity of making some provision for our credit situation during this transitionary period. Hon. members are all aware that the dominion notes provide the greater part of the base on which our commercial credit structure is reared. One of the banks the other day in the committee said that they had holdings, I think, of $40,000,000 worth of dominion notes. The reserves of the banks are largely held in dominion notes and in fact the statute requires that 40 per cent of the reserves shall be so held. The result is of course that the base of our credit structure is in dominion notes. That has been so and under the new legislation the notes issued

by the new bank will constitute that base. In the past when the banks have needed to strengthen their position they have, in order to meet any situation that they thought required treatment or consideration, merely secured advances under the provisions of the Finance Act. That act of course will be repealed and in fact this afternoon I am submitting an amendment providing for its repeal when the new bank begins to function. It will therefore be apparent that the banks in that transitionary period may feel some hesitancy in utilizing the Finance Act, knowing it will cease to operate when the new bank begins to function. To meet that situation it is desirable to provide for greater elasticity in our credit structure and also to enable the banks by that means to meet any growing demands that may come from industry if there is an improvement in economic conditions. I think it may be said that the provisions of the proposed measure will afford that ample foundation, which business may demand for our commercial credit structure during the transitionary period. When business was at a low ebb the requirements were very much limited; as business increases the demand for credit and currency becomes greater and in order that there may be no question as to the sufficiency of the provisions of our legislation during this transitionary period to meet the situation, I have offered the amendment in question.

But I propose also to deal with another phase of the matter that this measure will assist, namely, the program of public works to which I shall presently refer. Before doing that, however, I desire to point out that the amendment submitted to-day in the new bill contemplates the purchase of silver by the Minister of Finance in accordance with the London agreement to the extent of 1,671,802 fine ounces for the year 1934 and the payment therefor by the issue of dominion notes. Of course it will be within the memory of members that the purchases during the succeeding years, 1935, 1936 and 1937 are to be made by the new bank and not by the Minister of Finance. Then, as I have just indicated, the bill that I now ask leave to introduce provides for the repeal of this statute when the proclamation is issued bringing into force the statute that creates the Bank of Canada. A similar bill with respect to the Finance Act will also be offered to the house this afternoon.

In addition to that the Public Works bill that I will announce to-day is one of the means by which the provisions of the act as amended may be utilized. While each, of course, must be considered independently of the other, the fact is that the two measures are mutually supplementary and are part of a policy primarily concerned with the restoration of sound business conditions in the dominion. With these all too lengthy explanations of the provisions of the bill that is proposed to be offered to the house I now move for leave to introduce Bill No. 110, to amend the Dominion Notes Act.

Motion agreed to and bill read the first time.

FINANCE ACT

Right Hon. R. B. BENNETT (Prime Minister) moved for leave to introduce Bill No. 111, to repeal the Finance Act.

He said: The purpose of this bill I think I have already indicated. It becomes effective only upon the Bank of Canada Act being proclaimed and the bank beginning to function as a central bank in this country.

Motion agreed to and bill read the first time.

REPEAL OF STATUTE OF 1915

Right Hon. R. B. BENNETT (Prime Minister) moved for leave to introduce Bill No. 112, to repeal chapter 4 of the statutes of 1915.

He said: This bill, which is complementary to the other, is to repeal chapter 4 of the statutes of 1915, which authorized under the conditions I have indicated the issue of additional dominion notes. That, of course, will have to be repealed, for when these two statutes have been repealed the dominion will have to provide the central bank with three per cent bonds, the return from which of course will inure to the benefit of the dominion under the provisions of the statute, but it is done as a matter of bookkeeping to provide for the new institution taking over the responsibilities and obligations to which I have already referred.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 102 for the relief of Edward Headley Acland.—Mr. Bell (St. Antoine).

Bill No. 103 for the relief of Ella Gertrude Bush Adamson.—Mr. Bell (St. Antoine).

Bill No. 104 for the relief of Helen Cohen Levine.—Mr. Vallance.

Bill No. 105 for the relief of Annie Rosner. —Mr. Luchkovich.

Bill No. 106 for the relief of Grayse Irene Westlake MacLaren.—Mr. Bell (St. Antoine).

Bill No. 107 for the relief of Naomi Willard Lyman Robertson.—Mr. Bothwell.

Bill No. 108 for the relief of Hyman Stotland.—Mr. Hanson (Skeena).

FARMERS'-CREDITORS' ACT

Right Hon. R. B. BENNETT (Prime Minister) moved the third reading of Bill No. 92, to facilitate compromises and arrangements between farmers and their creditors.

Motion agreed to and bill read the third time and passed.

CANADIAN FARM LOAN ACT

PROVISION TO FACILITATE AND INCREASE EXTENSION OF CREDIT TO FARMERS

Right Hon. R. B. BENNETT (Prime Minister) moved the third reading of Bill No. 93, to amend the Canadian Farm Loan Act.

Mr. A. M. CARMICHAEL (Kindersley): Yesterday when we were in committee of the whole on this bill the Prime Minister who was sponsoring the measure indicated that on the third reading he might be prepared to state whether there was any possibility of extending the legislation to help a province like Saskatchewan. I would like to remind him again, as the sponsor of the bill and the leader of the house, that the situation under discussion is one that merits consideration. Just recently I had correspondence with a farmer in my own district who purchased land during the era of high prices at $40 per acre. He has been unable to make any payment. Recently he was offered the land at $10 per acre if he could raise the money to pay it in cash. He got in touch with our provincial farm loan board and was advised that they were unable to advance any money. That is one case, which might be multiplied hundreds of times, in which farmers who are in financial difficulty, if they could get some money could readjust their finances so that they would have some heart to carry on. I realize that our province is operating under its own scheme. I recall when the federal farm loan scheme was put through the political complexion of our federal government was the same as that of our provincial government. Yet our provincial government saw fit to carry on under their own scheme. At the present time however they have not the money to carry on, and they are unable to raise the money at as low a rate as this federal government is able to raise it. The thought I had in mind was that if the money which is raised for this scheme could be used to help out our provincial scheme I am sure it would be a great boon to a great many struggling agriculturists in the province of Saskatchewan, and I should like again to ask the Prime Minister if there is any method whereby he thinks such a measure might be made helpful to that province?

Mr. BENNETT: While I have no right to reply, I believe with the permission of the house I have the right to answer a question. I can say only this, that the same conditions obtain in the province of Ontario as in the province of Saskatchewan. Neither province has accepted the provisions of the Farm Loan Act. And the only method, so far as we can at the present time discern by which the benefits of the compromise statute might be made available in Saskatchewan would be by loans made to the province for that particular purpose. That phase of the matter has engaged our attention, and no definite conclusion has been arrived at.

Motion agreed to and bill read the third time and passed.

Mr. BENNETT: I should like now to proceed with order No. 8, an act respecting shipping. I have to leave the chamber for a short time, but presently I shall move the committee up, and take up the resolution at any time which suits the convenience of the right hon. gentleman.

CANADA SHIPPING ACT

The house resumed consideration in committee of Bill No. 91, respecting shipping—Mr. Duranleau—Mr. Smith (Cumberland) in the chair.

On section 2, subsection 26—Foreign voyage.

Mr. DURANLEAU: When this subsection was allowed to stand a few days ago I had an amendment to move for the purpose of clarifying the definition of a foreign voyage. The section as amended would read as follows:

"Foreign voyage" means a voyage extending beyond the area of a home trade voyage, and not being an inland or minor waters voyage.

I believe this definition is clearer than the former one.

Mr. REID: Will the term "home voyage" take care of a ship leaving the port of Vancouver and going via the Panama canal to Montreal? The minister will remember that I discussed this matter the other day, and pointed out that Canada had adopted the definition of "home trade" as it appears in

the British Merchant Shipping Acts, and I indicated that a vessel leaving the port of Vancouver and going to Montreal would be designated as a foreign-voyage vessel.

Mr. DURANLEAU: As I shall indicate in a moment or two, the definition of a home trade voyage does not take care of the situation described by the hon. member. The term "foreign voyage" is not based on geography, but is based on the dangers of the sea. A ship making a home trade voyage should not go outside the two hundred mile limit from the land or from the shore, and if a ship were to leave Vancouver for Montreal, travelling via the Panama canal, it would have to take to the deep sea at a point far beyond two hundred miles from shore. It is designated as being on a foreign voyage and there must be considered the strength of the ship, the life saving apparatus and the certificates of masters and mates.

Mr. REID: As it is not my wish to delay the committee any more perhaps I would do well to make a general statement. As I pointed out earlier in the previous discussions, this is a very serious matter. A ship leaving the port of Vancouver and going to South America is in no more danger than one going through the Panama canal and up the Atlantic coast to the port of Montreal. Previous to this I understand that a home trade voyage would include a ship leaving the port of Vancouver and going to Montreal. The present legislation will necessitate a change of certificates and many changes which I suppose the committee has not time to discuss.

I shall, in a few general statements, outline my objections to the bill. The sections which I object to and which were allowed to stand dealt with questions as to whether or not ships should be designated British or foreign, the load line, the point as to whether or not a ship should be designated a vessel or a boat, the recording of ships, the certificate of masters, mates and engineers, safety regulations, and reciprocal arrangements affecting the accepting of certificates. There are, I would again point out, 130 sections dealing with seamen,—wages, dismissal, sickness, and every condition under which seamen may be employed or engaged. My protest on former occasions and again to-day is that no personal representations from the seamen has been heard. Then, there are certificates of pilots and examiners. I am very sorry indeed that the minister has not seen fit to embody the amendments suggested which were allowed to stand over. I again protest against the one now under discussion, because it affects ships loaded with lumber, and other cargoes, leaving the ports of Vancouver or New Westminster.

Mr. DUFF: Mr. Chairman, I do not know whether or not you will allow a general discussion on the amendments, but as the hon. member for New Westminster has opened the matter probably the atmosphere would be cleared if a few general observations were made.

Some days ago I voiced my regret that the government had decided to proceed with this bill. Since making those observations I have received a number of letters supporting my contention and saying that the various shipping interests, vessel owners and seamen have not had time to consider the bill and for that reason would desire to have it stand over. However, as I have stated I do not intend to make any further protest. In view of what I have heard since the introduction of the bill I intend to deal with certain amendments, and if the minister will agree I intend to make only one speech, and that one will be very short. If he is content I shall send him my suggestions with regard to certain amendments which I believe might be incorporated. I shall deal with the whole matter in a few moments and then leave it to the government to decide what they will do. The minister has moved that clause 26 of section 2 be amended. Now clause 26 as it appears in the original bill "E" from the Senate reads:

> "Foreign voyage" means either a voyage between a place in Canada and a place not in Canada other than a place within the limits of a home trade voyage or a voyage between places not in Canada and not all within the limits of a home trade voyage.

It would take a Philadelphia lawyer, let alone a sailor, to tell what that means, and the minister recognizing that the language was not clear arranged with one of his colleagues on the other side of the house to move an amendment, and here is the amendment:

> "Foreign voyage" means a voyage extending beyond the area of a home trade voyage and not being an inland or a minor waters voyage.

Why, Mr. Chairman, should we introduce into that amendment of the minister's any reference to a minor waters or inland voyage? Surely nobody who knows anything about the sea will require to have in mind in dealing with this section either a minor waters or an inland water voyage. I am going to suggest to the minister what I consider a real amendment to this clause. I am not going to move it; I am simply going to suggest it. It is expressed in real sailor language, in words that every sailor can understand. Not only

will every sailor and mariner understand it, but I am sure that my hon. friend from Pictou will agree with me that it is a proper definition so far as this bill is concerned of what a foreign voyage means. We do not want in this bill language which nobody can understand except perhaps a lawyer or somebody else living a thousand miles away from the sea. What we want is language that a sailor can understand, and therefore I suggest to the minister that clause 26 in section 2 read as follows:

"Foreign voyage" means a voyage between Canada, and a port east of the 60th degree of longitude and south of the 5th degree north latitude, and north of the 65th degree; and a port west of the 125th degree of longitude, and south of the 5th degree north latitude, and north of the 65th degree.

Mr. BEAUBIEN: Nobody will understand that.

Mr. DUFF: I can quite understand that my hon. friend coming from a farming district in Manitoba does not understand it, but let me put it in simpler language so that even the Minister of Marine will understand it.

My hon. friend from New Westminster has raised the question of a home-trade voyage which is defined in subsection 38 of section 2 as follows:

"Home trade voyage" means a voyage not being an inland or minor waters voyage between places within the area following to wit:—Canada, the United States of America, the territory of Alaska not west of cape Spencer, Newfoundland, Labrador, St. Pierre and Miquelon, in the course of which a ship does not go north of the 60th parallel of north latitude or south of the 36th parallel of north latitude.

The other day in speaking on this clause I called the minister's attention to the fact that a vessel sailing from Nova Scotia to Hudson bay would be going on a foreign voyage, according to the definition I have just quoted. Surely Hudson bay is in Canada. If any part of this country is in home waters, surely Hudson bay is. But under this definition of a home-trade voyage a ship could go to Greenland because she does not go north of the 60th parallel of north latitude, but she could not go to Hudson bay without being considered to be on a foreign voyage. I say, therefore, Mr. Chairman, that subsection 38 of clause 2 should be amended. That is the subsection that defines a home-trade voyage, and I say that it does not give us the best definition. In my opinion the old reference to a "coasting" voyage was much more understandable than the words "home-trade" voyage. And under section 73 of chapter 186 of the statutes of 1927, being the Canada Shipping Act, a coasting voyage is defined as follows:

[Mr. Duff.]

"Coasting voyage" means a voyage between any port or place in Canada, and any other port or place in Canada, or in Newfoundland, Labrador, or St. Pierre or Miquelon, or any port or place in the United States of America or Mexico or Central America or in the West Indies, or on the eastern coast of South America not further south than forty degrees south latitude; or on the coast of the territory of Alaska, or of the western coast of South America not further south than forty degrees south latitude.

My hon. friend the member for New Westminster asked the minister to consider whether a home-trade voyage should not include a voyage from Vancouver through the Panama canal to Halifax, but the minister in his answer, if I understood him aright, did not agree with that. But under the act which is in force now a vessel could go to Buenos Aires on a coasting voyage or any other place in South America not further south than forty degrees south latitude. But in this bill which has come to us from another place I notice that according to the definition given in subsection 38, if a ship goes south of the 36th parallel of north latitude, it is a foreign voyage. That is, under this definition a ship cannot go to Buenos Aires and be considered on a coasting or home-trade voyage. No, it can only go as far south as cape Hatteras, and where is cape Hatteras? Cape Hatteras, as everbody knows, is only a stone's throw from the Delaware river in the United States of America. Surely if we are going to have what is called a home-trade voyage, it at least should include places where Canadian ships go in the regular course of their business in carrying on the trade and commerce of this country and with other countries.

I agree with the minister that perhaps the old act went too far in allowing a vessel to be considered on a coasting voyage when it went not further south than forty degrees south latitude, which would include Buenos Aires. I am not going to argue with the minister whether it should be a home-trade voyage or a coasting voyage, but I do submit to the minister that a home-trade voyage in the proper sense of the term should mean a voyage between ports in Canada and other ports in Canada, and I am sending my suggestion across to the minister. But in subsection 38 of section 2 the minister goes outside of Canada. He goes to the United States, a foreign country. He goes to St. Pierre and Miquelon or to Newfoundland and Labrador. Surely, Mr. Chairman, a coasting voyage is a much more appropriate name than a home-trade voyage, but I am

not going to quarrel over that with the gentlemen in the other chamber or with the minister. I am going to suggest an amendment to the minister which I shall send over to him, that subsection 38 of clause 2 should read as follows:

"Home trade voyage" means any voyage not being an inland or minor water voyage, between places within the areas following, to wit:—Canada, the United States of America, the territory of Alaska, not west of cape Spencer, Newfoundland, Labrador, St. Pierre and Miquelon and the West Indies, in the course of which a ship does not go north of sixty-five (65) degrees parallel of north latitude or south of five (5) degrees parallel of north latitude.

What does that suggestion mean, Mr. Chairman? It means that Canadian ships could go north into the territory of my hon. friend from Nelson, up to Hudson bay, and still be on a home-trade voyage, but it would be a foreign voyage under the clause that stands in the bill because if a vessel goes north of the 60th parallel of north latitude that is considered a foreign voyage. I trust that the minister will accept my suggestion that the north latitude be extended from the 60th parallel to the 65th parallel, which would allow vessels to go to the Hudson bay and still be on a home-trade voyage.

Mr. DURANLEAU: The amendment I have suggested will eliminate entirely the latitude in the north.

Mr. DUFF: I could have made it seventy degrees or one hundred degrees, but that would not have made any difference. I am very glad the minister has adopted my suggestion. As I explained the other day, with the subsection remaining at sixty degrees, no vessel could go to Hudson bay on a home trade voyage. There is no need to take out the latitude altogether. I would suggest that the minister adopt my suggestion and make it the 65th parallel instead of the 60th. Also, instead of having it the 36th parallel of north latitude, which is cape Hatteras, he should have it the 5th degree of north latitude.

Subsection 110 of this section gives a definition of the West Indies. It reads:

"West Indies" includes the West Indies, the Bahama and the Bermuda islands.

I am going to try to show the minister why subsection 38 should extend from the 36th degree of north parallel down to the West Indies to the 5th degree. If we are going to include the Bahama and the Bermuda islands, I think we should take in more territory. The Bermuda islands are 700 miles from St. Kitts, the nearest West Indian island. The hon. member for Pictou (Mr. Cantley) knows this. Home trade voyages should include both places where our Canadian merchant marine and our Canadian National steamships and the ships from Nova Scotia go. I suggest to the minister that the latitude given in section 38 should be extended to the 5th degree north latitude. The hon. member for New Westminster has suggested that a vessel should be able to leave Vancouver, go down the Pacific coast, go through the Panama canal and come up to Halifax or Montreal on a home trade voyage. I am sending over to the minister a copy of my suggestions in connection with subsection 110. I am suggesting that it should be amended to read as follows:

"West Indies" includes the West Indies, the Bahama and the Bermuda islands and British Guiana.

If the West Indies and the Bahama islands are considered as a home trade voyage, British Guiana should be in the same position. I hope the minister will consider my suggestion.

I have a further suggestion to make in connection with subsection 38 of section 2. Apparently the gentleman who drafted this bill felt that he had to earn his money. I do not blame him because if I had been drafting it I would have made it twice as large and used perhaps twice as many words. There is no need for all this verbosity in these clauses. I suggest that subsection 38 should be amended to read as follows:

"Home trade voyage" means any voyage between five degrees of north latitude and sixty-five degrees of north latitude, both on the Atlantic and Pacific coasts.

I think this covers the suggestion of the hon. member for New Westminster, and it is certainly more simple. Let us go to Hudson bay if we want to; let us go through the Panama Canal to the Pacific coast. Why have all this verbosity? Let us cut out all this nonsense and have a clause which sailors, mariners and shipping men can understand. May I suggest laughingly to the minister that he should have asked me to help with this thing. I could have framed a simple clause which a sailor, a captain, a merchant or anybody else could understand. Let us adopt something reasonable and fair; let us have something which the people of the country can understand.

I have dealt with subsections 26, 38 and 110 of clause 2. I shall now deal with subsection 89. As it appears at present, this section reads:

"Sailing ship" (except as may be provided under the load line rules) means a ship propelled wholly by sails, and includes a ship in excess of five tons, gross tonnage, provided with masts, sails and rigging sufficient to allow

her to make voyages under sail alone, and which, in addition, is provided with mechanical means of propulsion, the power of which does not exceed three nominal horse power.

Such a section is very much against the best interests of this country. In this day and age sailing ships are equipped with means of propulsion outside of masts and sails, and I am going to suggest a change in this subsection. I am sending over a copy to the minister. I am suggesting that subsection 89 of section 2 be amended to read as follows:

"Sailing ship" (except as may be provided under the load line rules) means a ship wholly or in part propelled by sails,—

The present definition is a ship propelled wholly by sails, and I say that that is not in the best interests of the country. My suggestion continues:

—and includes a ship in excess of ten tons, gross tonnage, provided with masts, sails and rigging sufficient to allow her to make voyages under sail alone, and which, in addition, is provided with mechanical means of propulsion, the power of which does not exceed ten nominal horse power.

It will be noticed that in speaking of other means of propulsion I have increased the nominal horse power from three to ten. If the business of this country prospers and we are able to develop our fisheries, we will need a large number of vessels partly propelled by sails but which in addition will have auxiliary power. If the minister is going to encourage men on the Pacific and Atlantic coasts to build vessels for use in the fisheries, their horse power must be sufficient. I ask the minister to accept my suggestion and provide that in addition to a sailing ship meaning a ship propelled wholly or in part by sails, it shall mean one which is provided with mechanical means of propulsion, the power of which does not exceed ten nominal horse power.

Mr. Chairman, I continue with your permission. As I said at the beginning, I do not want to make half a dozen speeches.

The CHAIRMAN (Mr. Smith, Cumberland): I have not called the hon. member to order because of his introductory explanation, but the discussion is out of order. However, I have no objection if the committee desires to proceed in this way. Section 2 is under discussion and the hon. member is dealing with the various subsections of another section.

Mr. DURANLEAU: I would rather let my hon. friend make his full statement.

Mr. DUFF: I am trying to save time, because once I sit down I am not going to get up again. I want to discuss the implications of section 113, in regard to which I sent over to the minister a suggestion I have to offer on this important matter. Section 113 comes under Part II, and my own idea is that Part II is the most important part of this act; and while I am not under section 2, I submit that section 113 deals with some of the definitions that come under section 2. Now, section 113 is a very long and complicated provision, dealing with all sorts of things, and my idea is to make it concise. Instead of having all this tomfoolery and nonsense about pleasure yachts, ships solely employed in fishing, passenger steamships not exceeding five tons gross tonnage, barges or other vessels, and so on, we should have a concise definition such as I am going to propose. I sent over to the minister a section which I think would simplify the whole matter. I propose that section 113, subsection (1), be amended to read as follows:

Every British ship, except ships under 150 tons registered tonnage, and which does not have engines of more than ten nominal horse power, when employed in the trade of Canada, shall be an exempted ship.

That simplifies the whole thing and does not refer to pleasure yachts or fishing vessels or anything else. It simply proposes that every vessel under 150 tons registered tonnage, whether propelled by steam or by ten nominal horse power, shall be exempted from the necessity of having certificated masters and mates. That I submit is a much better clause and one which would meet the desires of those who are engaged in the fishing industry or who have to sail the seas, men who have been sailing vessels for ten, fifteen, twenty and thirty years, without any certificate. If this bill passes, with section 113 as it now reads, these men will not be able to sail their ships; they will have to have certified masters, which is impossible. More than that, they will have to have certified engineers to sail a fishing schooner or a barge or any other kind of vessel. My amendment, from line 25 of section 113, subsection (1), will read:

shall, when going from any place in Canada, be provided with masters and mates duly certificated, according to the following scale:

That means that every vessel over 150 tons must have a duly certificated and qualified master and mate.

(a) In any case, with a master holding a certificate of the proper grade and class;

(b) If the ship is a passenger ship, and certified to carry more than forty passengers, or is a foreign-going ship of over 150 tons, registered tonnage, with at least one officer besides the master, holding a certificate of the proper grade and class not lower than that of first mate.

Under this bill as it now reads there are at least one hundred and fifty men in Nova Scotia who have sailed ships to Oporto, Bristol, England, Barcelona, Italy, Greece, Bahia and Pernambuco, as well as other places, who will not be allowed to do so in the future. These men have been sailing ships for anywhere from ten to thirty years; they are well qualified. But if they had to pass an examination they could not do so, any more than I can teach my little grandson his lessons when he comes from school and says, "Grandpa, will you tell me how to spell this, that and the other." It is impossible, and surely the minister and the government do not intend to throw these men out of employment. The hon. member for Pictou (Mr. Cantley) knows as well as I do that there are men in Nova Scotia who have been going to sea for thirty and forty years without certificates, in vessels under 150 tons, and I suggest that if in paragraph (b) which I have just quoted, as I suggest it be amended, we substituted 150 for 100 it would meet the situation not only on the Atlantic but on the Pacific coast as well. Surely the minister will see the necessity for such a provision, instead of passing this bill as it stands, which would result in throwing hundreds of fishermen, sailors, masters and mates out of employment, because they have no certificates and will simply have to go on the beach. They will be without employment.

Why did not the person who drafted this bill follow the British act entirely? Why did not this gentleman from Vancouver with his paste pot and scissors cut out the whole Merchant Shipping Act of Great Britain? Why did he take part of the British act, part of the Canadian act and God knows what else and jumble it all together into this conglomeration? Let me point out to the minister that under the British act to-day a man without a certificate may not only sail a sailing vessel but he may sail a steamer as large as the Empress of Britain, without a certificate.

Mr. MACDOUGALL: Do you think it is right for a man without a certificate to sail a boat as large as that?

Mr. DUFF: My hon. friend is four inches shorter than I. Does he mean to say that he cannot navigate his way from the main entrance of this building to this chamber as well as I can? It is the same thing. What I say is that under the British act a captain may sail a steamer as large as the Empress of Britain, without a certificate, provided that no passengers are carried. Not only that, but a steamer that size can carry a mate and engineers without certificates, so long as there are no passengers on board. Surely no one will deny that our home trade waters are just as treacherous and the conditions just as strenuous as they are around the British Isles. If the minister will look at the definition of home trade voyage, so far as Great Britain is concerned, I think he will come to the conclusion that if the British government and the British people, in order to encourage their merchant marine, are willing to allow vessels to be sailed, under certain conditions, without certificated masters, mates and engineers, there is no reason why section 113 of this bill should read as it does at the moment. I suggest therefore, in addition to amending section 113 as I have proposed, that section 117 be amended to read as follows:

Certificates of competency as engineer be granted in accordance with this act for the following grades:
First class engineer.
Second class engineer.
Third class engineer.
Fourth class engineer.
Probationary engineer.

To-day there are at least 150 young men, between the ages of eighteen and twenty-five, who are on board Nova Scotia vessels propelled by auxiliary power, and these men, if this bill goes through as it stands, will be thrown on the street. They will not be able to sail those vessels. I would like to know who is going to sail them? Has the minister any engineer to send down? What about Mr. Griffin of Vancouver or Mr. O'Connor? Will they provide the engineers or will the nineteen senators in the other house who hardly ever saw salt water and who put through this bill, send engineers to man those ships either in Nova Scotia or on the Pacific coast? That was my reason for asking in the first instance that the bill should stand over so that people throughout the country might study these clauses and the minister might get their views with the result that next year he would come before the house with a bill that would be a right and proper one in the interests of shipping and of the people of this country. Therefore I say that in clause 117 the words "temporary engineer" should be changed to "probationary engineer," so that young men in machine shops, young men who can handle these crude oil or gasoline engines that are used to run these vessels need not have to go through a long rigmarole and have a lot of government officials go down and put them through a severe test and examination with the result that they cannot pass it and consequently cannot take charge of the engines in those steamboats.

Clause 118 is another to which I am going to refer. Clause 118 as it stands at present reads:

Every British subject who—
(1) served as a master or mate of a foreign-going or home trade sailing ship of over seventy-five tons, gross tonnage, before the first day of January, 1931, for a full period of twelve months within ten years immediately preceding the date of his application for a certificate of service.

Whoever heard of a foreign-going vessel of seventy-five tons gross register? Who put that into the bill? Was it the minister or the deputy minister or one of his officials who inserted in the bill the provision with regard to a foreign-going vessel of seventy-five tons? I know, of course, a man named Jacobs crossed the Atlantic in a dory some thirty years ago and somebody is now trying to cross the Atlantic in a small boat, but whoever heard of a foreign-going vessel of seventy-five tons register? The whole thing is ridiculous. Is it any wonder that I get warmed up about the matter? Who advised the minister? Who advised the leader in the other part of this parliament to allow that clause to go through? A vessel of seventy-five tons going on a foreign voyage! The thing is ridiculous. The minister should have the committee rise now and report progress instead of going on with this bill. This is a new clause. By whom? By Mr. Pastepot and Mr. Scissors, or who was it that drafted the clause? I am going to suggest to the minister that clause 118 be amended to read as follows:

Every British subject who—
(1) served as a master or mate of a foreign-going or home trading sailing ship of over one hundred and fifty tons registered tonnage, before the first day of January, 1931, for a full period of twelve months within ten years immediately preceding the date of his application for a certificate of service—

And so forth. I will not read the other part of the clause. If a man wants to sail a ship of 400 or 500 tons and go on foreign voyages, it is all right for the minister and his department and parliament to say that that man should have some kind of certificate, but there are in Nova Scotia—and I presume the same thing applies to the Pacific coast—small vessels with two or three masts which, after fishing all summer, take a cargo of coal from Sydney to St. John's, Newfoundland; they load fish for Oporto or the West Indies or Pernambuco, and surely the minister by this new bill and new clause inserted by somebody who did not know anything about shipping conditions in this country, will prohibit men like Angus Walters, men who can sail ships, from doing so if they have not a certificate. It is true, as the minister knows, there is a simple examination, but one of the requisites is that a man who may have sailed a ship for ten, twenty or thirty years must pass an eye test. How in the name of heaven can men do this at forty or forty-five years of age? We have all been to the optician to get glasses or our eyes examined and the first thing he does is to put a card on the wall about ten feet away. He says: "Can you see those big letters?" Then: "Can you see the smaller letters?" And then: "Can you see the still smaller letters?" The same thing applies in the eye test of the Minister of Marine under this legislation. An old salt who can see five miles from the crosstrees, who can go aloft and without his binoculars see five miles in the distance on the horizon, is taken into a little room ten feet by twelve and has to or is asked to read a card as you and I have to do when we go to get our eyes tested on Sparks street. Who can do this? I am sure the government is sincere when it wants to see trade increasing and prosperity in this country, but surely the way to bring this about is not by preventing from sailing these ships men who have sailed the seas for years and years, who are well equipped to sail these vessels and who have nothing against their character or ability to navigate in any part of the world. Yet under clause 118 every man who cannot pass the eye test cannot sail a ship of more than seventy-five tons register. Who would want to go to sea on a foreign voyage in a seventy-five ton ship? I would not and I do not get seasick either.

As regards clause 122, the minister could very well eliminate "minor waters of Canada" and replace that with "waters of Canada," and strike out "twenty tons" and replace that with "one hundred and fifty tons." Paragraph (b) could be struck out altogether. Why under that provision should he make fishermen and others pay a fee of $5 for a temporary certificate for only one year? Why any fee at all? Why should these men who sail little boats have to pay the department a fee of $5? I know we are hard up; we need money; we need greater revenue in this country, but surely the minister and the government are not going to take it out of the sailors and fishermen who are struggling along with three dollar mackerel, two-fifty herring and four dollar codfish. Let us cut out that provision that they must take out a certificate, pay a fee of five dollars, and then have a certificate for only one year. Why not make the certificate for ten years or for life so long as the man has good behaviour?

This shows that whoever drafted this bill did not know what he was doing.

With regard to clause 125 I have no objection to the provision "not more than twelve passengers." The hon. member for Selkirk (Mr. Stitt) will be interested in this. Let the minister strike out the provision "four nominal horsepower" and insert in its place "ten nominal horsepower." Give the people on the great lakes, the people anywhere in Canada a chance if they want greater power, stronger means of propulsion in their boats. Why keep them down to four horsepower? The thing is ridiculous and the minister should make that "ten nominal horsepower," internal combustion engine other than by steam. With regard to the steam may I suggest to the minister that this should read "not more than twenty nominal horsepower." In that case there would be a reasonable clause in the bill, a clause which the men on the great lakes who sail those little steamers will appreciate, a clause which every man in this country will appreciate; but whoever drafted this bill and these clauses did not know what they were doing or what the interests of the country demanded. I say to the minister that before he asks us to adopt the clauses now standing he should change them in the way I and others have suggested.

Now, in conclusion let me say that in chapter 186—

Mr. DURANLEAU: What section?

Mr. DUFF: I have not the section, but under the old law vessels using internal combustion engines are not subject to inspection. Then why are they brought under this bill? In what way has navigation in Canada been affected by the use of the internal combustion engine? I say the change is not necessary, and I agree with the hon. member for Pictou who the other night strenuously objected to certain of these clauses because of the phraseology. I do not know who drafted them; surely it was not the Prime Minister. Although he looks after nearly all the legislation of this government, he would not use such phrases found in some of those clauses. I say to the Prime Minister and to the Minister of Marine that I have no particular objection to the rest of this bill, other than Part II. No one is going to be hurt much by the other parts, as far as I had a chance to study it, but I do say that Part II of this bill should go into dry dock, should be repaired from stem to gudgeon, should be overhauled from truck to keelson. I have no objection to gentlemen learned in the law sitting in in order to draft in proper legal terms the ideas of practical men who know the cathead from the dog-watch and the glory hole from the lazarette. But I do object to these legal men trying to draft an act without consulting with people who know their business. I suggest to the minister that this bill should stand until next year. Call in Captain Mitchell of Halifax, a practical mariner, call in Captain Lindsay of Vancouver, both of whom have sailed the seas in foreign ships for a great many years, and get their ideas of what is necessary in regard to certificates for foreign voyages. Call in practical men who have sailed the seas in coasters and fishing vessels for many years, captains of freighters, and fishermen either on the Pacific or the Atlantic, men of experience who have sailed for years without certificates, consult with them and you will get a bill of which this government and this parliament will be proud; not a bill which cannot stand the light of day, and of which as I said criticism is already coming in. I have received so much already that I cannot possibly deal with it. I plead with the minister and the government to let this bill stand so that Part II may be redrafted in order that every man in this country who is interested in shipping or vessels may be protected, and men who earn their living on the sea shall not be ostracised or put in a position where they cannot sail their ships, or young men who want to go to sea will not be discouraged by some fancy educational test which none of them can meet.

Mr. DURANLEAU: I have to recognize that my hon. friend from Antigonish-Guysborough (Mr. Duff) has done considerable work in studying this bill. Last week he contended that he had had no time to study it, but I see now that he has perused the whole bill. I fully recognize the experience of my hon. friend in marine matters and I appreciate his knowledge. But as he expressed himself he tended to show that he is the only man—

Mr. DUFF: Oh no, that is not fair.

Mr. DURANLEAU: —who knows something about marine law.

Mr. DUFF: I object to that, that is not fair; I did not say I was the only one who knew anything about marine matters.

Mr. DURANLEAU: No, I say we can infer from the statement of the hon. member that no one but himself—

Mr. DUFF: I can understand the minister inferring that, because he knows a good deal less than I do.

Mr. DURANLEAU: There is no doubt about that, but I do not think it was necessary for my hon. friend to make the statement he has just made.

Mr. DUFF: You should not have made the first one.

Mr. DURANLEAU: I would remind my hon. friend that this bill has been studied by experts for over two years; in the Marine department we have the best experts who have been studying it for two years with the assistance of legal advisers. I do not know if my hon. friend has done the same with respect to the amendments he has suggested, but if he drafted them himself I think he will admit it is rather dangerous for a layman to attempt to draft the sections of a bill such as this.

Mr. DUFF: I can assure my hon. friend I had no legal advice, it was purely a matter of common, horse sense.

Mr. DURANLEAU: My hon. friend says he drafted those amendments himself?

Mr. DUFF: Yes.

Mr. DURANLEAU: Then I shall proceed with the clauses that stood last week, and I have some amendments to propose which have been studied, and which I think will cover some of the points raised by my hon. friend. I urge my hon. friend to be careful before suggesting amendments drafted without the help of legal advice, because it is a very difficult job even for a legal adviser who has some knowledge and experience in marine matters.

Mr. DUFF: Might I ask my hon. friend what legal gentleman who had any knowledge of marine matters helped to prepare this bill?

Mr. DURANLEAU: The first bill drafted was drafted by my assistant deputy minister and my officials under him with the help of Mr. Martin Griffin, K.C., of Vancouver, one of the outstanding lawyers of the west in marine matters.

Mr. DUFF: But he says he used the paste pot and scissors.

Mr. DURANLEAU: I was in the department and I know what Mr. Griffin did and I know what my officials have done for two years. My officials state that these amendments cannot be accepted, they would not fit the rest of the bill at all.

Mr. CASGRAIN: Why?

[Mr. Duff.]

Mr. DURANLEAU: For many reasons.

Mr. CASGRAIN: Could the minister explain?

Mr. DURANLEAU: We shall see as we come to the various sections.

Mr. VENIOT: I have already stated that I did not intend to go any further in my opposition to this bill. I would like very well to have kept my promise in that respect but when I hear the minister say that this bill was prepared by experts with knowledge of legal terms connected with marine matters I must say that if those experts cannot give any better exhibition of their knowledge of marine conditions in different sections of Canada than this bill they never should have undertaken to prepare such a bill. I have no fault to find with the experts in the department over which the minister presides; they are competent in carrying out the duties they have to perform, but when anybody in the Department of Marine or the Department of Fisheries, especially the Department of Marine, will undertake to say that this bill does not do an injustice to the fishing industry of the maritime provinces he does not know what he is talking about.

Mr. DURANLEAU: In what respect?

Mr. VENIOT: That is the reason I am now rising—

Mr. DURANLEAU: In what respect?

Mr. VENIOT: In every respect.

Mr. DURANLEAU: Tell this committee in what respect.

Mr. VENIOT: A few days ago I told the minister and this committee that there were sections which could be amended by the hon. member for Antigonish-Guysborough or by myself. We could suggest amendments to some of those sections, but there were other sections which we knew were working injustices but which we would not dare, even with our knowledge of the fishing industry, to undertake to amend without first having the opportunity to consult the people interested. That is the reason I have asked for delay in the passage of this bill; that is the reason I have asked the government if they are determined to force it through, and whether or not they would not delay, for this session at least, bringing into operation the first part of the bill. They have authority under one section of the bill to take that action. I received no satisfactory answer to my request, nor did I receive any guarantee that that would be done.

I agree with the statement of the minister as to the preparation of amendments without the help of legal talent. However, the hon. member for Antigonish-Guysborough did not suggest that no lawyer should be called in. As a matter of fact he said he had no objection to legal minds being consulted so that the suggested amendments might be framed in proper legal phraseology. He knows that neither he nor I is in a position to place the suggested amendments into proper legal language without first having the cooperation of legal minds. Therefore we are not suggesting that the amendments should be accepted in the exact terms in which they now appear; all we want is to have an acceptance of the subject matter of the amendments. These suggestions come from men who know what the conditions really are, and they know that if the bill passes in its present form it will operate not to the advantage of, but rather to the disadvantage of, the fishing and freighting industries of the maritime provinces. That is the reason we are opposing the bill, and that is the reason I have risen in my place to-day to ask that the passage of the bill be postponed. No interests would suffer. Give us an opportunity to consult our people, to lay the whole matter before them, and to come back next year bringing with us suggestions to meet the conditions. In that way the bill could be put through in a proper manner. If any interests might suffer by the non-adoption at this session of the bill now under discussion I would hold my tongue, but I say to the minister—and he knows it—that if action on the bill were postponed no interest would suffer. If the government are determined to put the bill through in its present form, then I ask them to take advantage of the power they have under the bill whereby they may not bring into effect those sections affecting coastal freighting and fishing interests of the maritime provinces and the Pacific coast. Do not bring them into operation, but let them stand under the old act until such time as we may consult our people and, coming back here next year as their representatives, lay our opinions before the House of Commons.

Mr. NEILL: Mr. Chairman, after the unparalleled latitude you have allowed other members in this discussion—unparalleled in my experience, at any rate—I presume you will extend to me the same opportunity to wander all over the bill.

I am not surprised that the absurdities and contradictions in the bill have led the hon. member for Antigonish-Guysborough (Mr. Duff) to depart from the decision he made a few days ago to wash his hands of all responsibility, to let the government put the bill through the house, and to leave them wholly responsible for it. I wholly agreed with that stand, and I proposed to follow it. However, as he and the hon. member for Gloucester (Mr. Veniot) have departed from that decision I shall follow their example, and speak for but a short time indeed, to place on record a wire I received yesterday.

I agreed with hon. members who took the stand that it was hopeless to try to amend this bill, due to the extended and intricate nature of the sections, the wide variety of subjects covered, and the basic fact that the government, without any reasonable excuse so far as I could see, refused to send the bill to a committee where we could have sat around a table, had the advantage of legal experts and technical experts about whom the minister has been talking—an advantage which we certainly would have required—and we would have heard the arguments and settled the matter.

The idea that a layman cannot formulate an amendment is pure nonsense. The committee could function, and could decide along laymen's lines what they wanted done. The committee would adjourn, and the lawyer in the department could be present to draft appropriate amendments for the next sitting, when he would find whether or not the amendments agreed with the ideas in the minds of the members. That has been done scores of times, and it is useless to suggest that it could not be done again. I remember sitting on a committee which framed the old age pensions legislation. I believe there were only four of us, and a lawyer. Within certain limits indicated by the government, he would ask us what we wanted, draft the section and bring it down next day. That legislation although a new departure, stood the test of a great deal of criticism until the present government messed it up with a lot of ill-timed regulations.

With a great deal of what the hon. member for Antigonish-Guysborough has said, I agree. With some of his statements perhaps I might not agree. With a good deal of what he has said I do not know whether I can agree or not, because I simply do not know about all those matters. I am quite appreciative of the fact, however, that he does know about these matters, and that on a committee his presence and knowledge would be of great value in arranging the details of various sections. But the minister has no intention of sending the bill to a committee, and never

had. He has no intention of leaving it for another year, and never had. What is the use of wasting time urging him to do so? I do not purpose wasting either my time or that of the committee.

The minister has said he will now introduce some amendments. That is remarkable when we recall his remarks upon the introduction of the bill and upon second reading. In his view the shipping bill was the last word in legislation and could not possibly be improved upon. I was reminded of Moses going up to the mountain and coming down with the ten commandments.

Mr. DURANLEAU: I stated as a whole it is a remarkable piece of legislation.

Mr. NEILL: It is a remarkable bill, all right; I admit that, and I suggest that time will demonstrate how remarkable it really is. We will be sitting here next session—those of us who are fortunate enough to return—and we will be amending this bill. However I am not going to waste the time of the committee by any further observations, but shall proceed to quote the telegram I have before me. Hansard indicates—and if the minister wishes I shall quote it—that he said that a committee sitting in another place heard all people interested in this matter. In fact, I think the Salvation Army was about the only body which was not heard. If there was anybody or anything which had an interest in the bill, it was heard. Then, later on in reply to a question put by the hon. member for New Westminster (Mr. Reid) we find the minister stating that the seamen from Vancouver had not been heard. At a later point he admitted they had not been heard, but said they had presented a brief. Still later that statement was contradicted. At a later point he referred to telegrams, but notwithstanding the request of an hon. member on this side of the house to read those telegrams, he did not do so. He apparently read selected excerpts which gave the impression in one case that the whole engineering bodies of Canada were behind it, but upon being pressed by the hon. member for Hamilton we found that it was only one-seventeenth of those bodies, only one council out of seventeen, which is a very different thing.

I just want to quote a wire that I have received from an important body in Vancouver, the Canadian Merchant Service Guild of Vancouver, which the minister said had been fully heard. It is a long wire and I am pleased to say that it was not sent collect. It is addressed to myself and reads as follows:

Hansard eight June. Received on the sixteenth; thanks. Your statements properly taken but nominal horse power only one reason—

By the reference to nominal horsepower they are no doubt referring to the quotation I made with reference to someone who wanted a change in the nominal horsepower.

—only one reason why practical and honest advice should be secured before passing Bill E.

That is not my sentiment; it is the sentiment of this body interested only in their own affairs, and they say that practical and honest advice should be secured before passing this bill:

Example: Two vessels identical motor engines quoted in registry shipping Shean eighty-four and Czar eighteen nominal.

The telegram goes on:

Majority vessels now driven motor engines defined by makers and users brake horse power but no provision for such made in act being another proof act is already fifteen years obsolete and impractical in many respects.

They say that we are fifteen years behind the times as regards the proposed bill itself. The telegram continues:

Please concentrate on elimination subsections (b) and two of section one twenty, being rank discrimination against coasting inland and minor water masters and mates who have upheld the highest traditions of the sea.

That is the section that the hon. member for Antigonish-Guysborough quoted in connection with the qualifications of officers.

Such legislation can serve no good purpose except to satisfy some childish whim or prejudice and would destroy that higher statutes—

I think "standing" is meant:

—which the proponents of the act apparently do not understand. Please endeavour have coasting limits not less than ten south instead of thirty-six north to permit Canadian officers and ships to trade between eastern and western Canada ports through Panama canal. Copy our brief mailed Minister Marine and Senate twelfth April will reach you Wednesday. Meantime use this telegram as required.

Canadian Merchant Service Guild.

If that last sentence had not been there I would have hesitated to put that somewhat drastic criticism on Hansard, but they are apparently quite willing that it should be so used. This brief was mailed to the minister. It is the first I have heard of it. Did it reach the Senate committee? We do not know. The committee did not print its evidence. The minister is going to say, "Yes, it was submitted." I have no doubt it was and that the only consideration it received was whether it should be pigeonholed under the letter "C" or the letter "G," being the

first letter of the name of the man perhaps or of the association. We have no record before us that the brief was considered. We have only the minister's statement that it was ever received at all. Certainly it was not considered by any member of this house. At any rate this substantial and important representative body of seamen are, to put it mildly, very far from satisfied with this bill when they talk about its needing practical and honest advice. The act is fifteen years obsolete in its wording, they say, and impractical in many respects. Certainly the statements that we have heard from the hon. member for Antigonish-Guysborough do bear out, so far as my limited knowledge goes, much of what they say.

I turn to section 120. That is the section dealing with certificates not valid. It says that these certificates will not be valid after a period of five years.

Mr. DURANLEAU: Will my hon. friend allow me? I am sorry that my hon. friends have not allowed the minister to proceed with the amendments he was to propose to the committee. I have an amendment here to strike out that subsection limiting the life of a certificate to five years, and I am going to ask the committee to consent to another provision giving the minister the power to make an inquiry and set aside a certificate if the certificated mariner is found upon investigation to be incapable of performing his duties and still persists in following his calling when he has a life certificate.

Mr. NEILL: I am very glad indeed to hear it.

Mr. DURANLEAU: As to the nominal horsepower question, there will be a definition of "sailing" vessel proposed when we come to the section but may I say here that nominal horsepower is the standard way of calculating the power of an engine all over the empire, and we felt it was better to follow the standard way throughout the empire rather than have a way of our own.

Mr. NEILL: I am pleased indeed to hear what the minister says.

Mr. DURANLEAU: My hon. friend understands that it is only for legal purposes, because it is well known that one nominal horsepower means about twenty brake horsepower, or rather the reverse, twenty brake horsepower means one nominal horsepower.

Mr. NEILL: The "break" just made by the minister indicates his ignorance as well as my own in regard to these technical matters. I am very glad indeed to hear that the minister is going to make these changes. It indicates the advisability of adhering to the ordinary rules and going through this bill section by section instead of allowing us to talk all over the lot as we have been doing. Apparently, according to the terms of this wire, it is the custom for motor driven engines to be described by the makers and users in terms of brake horsepower, not of course steam engines, and that is what these people are referring to. I am quite willing to wait until the different sections come up to hear the amendments the minister has to propose, but that again illustrates the extreme advisability of sending this bill to a special committee where these questions could have been argued out. The Canadian Merchant Service Guild sent their brief to the minister on the twelfth of April, making their suggestions, and now the minister tells us that he has amendments to move. Why not have put them in the bill in the first place? I think that in the other chamber there has been a complete lack of a proper understanding of the subject they were dealing with, or they have ignored the representations that have been made by these people. If their representations are to be given effect to now, why were they not given effect to in April? I am glad that the changes are being made but I do not believe that they will be sufficient to make the whole bill workable, and I do not propose to take any responsibility for this bill. Let the government pass this bill if they wish, and let them take the responsibility. If there are to be any changes, I shall be glad to hear them when we come to the various sections.

Mr. DURANLEAU: I am sorry my hon. friends are making general statements about this bill, and trying to show that very important changes are being made in the existing law. I should like to put on record a comparison of the present law and section 113 of this bill, to show that there is practically no change in the exemptions.

Mr. DUFF: Why not simplify the matter?

Mr. DURANLEAU: Section 113 of the present bill requires that every ship except those mentioned in paragraphs (a), (b), (c), (d), (e) and (f) shall have certificated masters. Section 93 of the Canada Shipping Act provides:

> No ship registered in Canada, over one hundred tons registered tonnage, shall go to sea from any port or place in Canada on any voyage not being a coasting voyage, unless the master and first mate or only mate thereof have obtained and possess valid certificates.

Section 94 requires that every sailing ship registered in Canada of over 150 tons registered tonnage, and every steamship when employed in the coasting trade or plying on any Canadian water, shall have a certificated master. The act provides for certain exemptions under section 98. What are those exemptions? Under the Canada Shipping Act, the first exemption is for pleasure yachts. There is the same exemption in this bill.

Mr. DUFF: Why exempt pleasure boats?

Mr. DURANLEAU: I am only making a comparison between the present act and this bill.

Mr. DUFF: That does not do any good.

Mr. DURANLEAU: The next exemption in the bill is for ships solely employed in fishing. The exemption in the existing act is for ships employed solely in fishing. The next exemption in the act is for steamships of not more than five tons gross tonnage. The exemptions in the bill are for passenger steamships not exceeding five tons gross tonnage and steamships not carrying passengers and not exceeding ten tons gross tonnage.

Mr. DUFF: Did the minister ever see a steamship of five tons gross register?

Mr. DURANLEAU: I am only making a comparison. My hon. friend has stated that this bill is entirely different from the existing law as far as certificated masters are concerned, and I am attempting to show that that is not the case.

Mr. VENIOT: It is the case.

Mr. DURANLEAU: The next exemption in the existing act is for barges or other vessels having neither masts, sails nor rigging, and not being steamships. The exemption in the bill is for barges or other vessels having neither masts, sails nor rigging, and not being steamships—exactly the same thing. The next exemption in the existing act is for "sailing ships engaged in the coastwise trade of not more than one hundred tons, registered tonnage, propelled by auxiliary power other than steam, employed partly in fishing and partly in the carriage of freight." The exemption in this bill is for "home-trade, inland waters or minor waters sailing ships not exceeding one hundred and fifty tons register tonnage." I have an amendment to suggest to the definition of "sailing vessels" which will help the situation. As a matter of fact, the exemptions in this bill are perhaps greater than they are under the existing law.

Mr. DUFF: No.

[Mr. Duranleau.]

Mr. DURANLEAU: With reference to the difference between a foreign and home-trade voyage. The bill defines an inland voyage, a minor waters voyage and a home-trade voyage. Is it not sufficient to say that a foreign voyage is one outside of those three definitions? As I said before, the difference between a foreign and a home-trade voyage is not based on geography, it is based on the hazards of navigation. The same principle is applied all over the empire.

Mr. DUFF: Let me say to the minister that the hazards of navigation are not nearly as great on a foreign voyage as they are on a home-trade voyage.

Mr. DURANLEAU: The hon. member has made his statement and I would ask him not to interrupt. He stated a moment ago that there was not the same rule in England, but I claim that exactly the same principle applies there. The definition of a home-trade voyage in the Merchant Shipping Act would cover, for instance, certain voyages from England to Germany or France where there are no great dangers or hazards. A voyage from Vancouver to Montreal would be a "foreign voyage" on account of the hazards of navigation, because it would necessitate a ship having to take the deep seas before reaching the Panama canal, in which case the hazards of navigation would be greater.

Mr. DUFF: No, they are not.

Mr. DURANLEAU: Such a ship leaving Vancouver would have to go more than two hundred miles from the coast, it would have to pass through the Panama canal, up the Atlantic coast and then up the St. Lawrence to Montreal. The experts claim that such voyages should be made only by ships having sufficient strength to make a deep-sea voyage and carrying the same life saving apparatus and the same certificated master. These rules are for the protection of life at sea and I think my hon. friends are wrong when they want to define a home-trade voyage as one between two ports in Canada. I should like to proceed with the sections which have not yet been adopted and if my hon. friends have any suggestions to make, I shall be glad to hear them.

Mr. VENIOT: What does the Canada Shipping Act give as the definition of steamship?

Mr. DURANLEAU: That is given in section 73, subsection (i) and reads:

"Steamship" or "steamer" includes any ship propelled wholly or in part by steam or motive power other than sail or oars.

Mr. VENIOT: That is not the same as the definition given in this bill.

Mr. BENNETT: It means the same.

Mr. DURANLEAU: Subsection 101 of section 2 of the bill reads:

"Steamship" or "steamer" (except as may be provided under the load line rules) means any ship propelled by machinery, and not coming within the definition of sailing ship.

I am not an expert in this matter, but I think my officials know something about it, and they assure me that there is no difference between the two.

Mr. VENIOT: Under definition 89 a sailing ship is described as so and so, and when you come to the last part of subsection 89 you find the following:

and which, in addition, is provided with mechanical means of propulsion, the power of which does not exceed three nominal horse power.

Mr. DURANLEAU: In this regard I have another definition to propose:

"Sailing ship" (except as may be provided under the load line rules) means a ship propelled wholly by sails, and includes a ship not in excess of 150 tons, gross tonnage, provided with masts, sails and rigging sufficient to allow her to make voyages under sail alone, and which, in addition, is provided with mechanical means of propulsion other than a steam engine.

I think this definition will cover the whole point.

Mr. VENIOT: Then you will have to change the definition of 101.

Mr. DURANLEAU: Why?

Mr. VENIOT: Because the moment you depart from rigging, under 89, and insert a certain horse power, even if she is under 150 tons, she becomes a steamship.

Mr. DURANLEAU: Definition 101 states very clearly that the vessel shall not come within the definition of sailing ship.

Mr. VENIOT: Under the present definition, 89, if she has a nominal horse power of over three horse power she becomes a steamer and is no longer a sailing ship.

Mr. REID: The minister has read some of the sections and has pointed out that there is little difference between the old act and the new. I understand that the old definition of a home-trade vessel was divided into three parts, but under the present provision there are only two definitions. Heretofore a boat could leave Montreal or Vancouver for Buenos Aires provided it did not cross the ocean; it would then be a home-trade voyage. But under the present definition of home-trade voyage no boat will be allowed to do that.

Mr. DURANLEAU: If the hon. member will look at the existing act he will see that the definition of home-trade ship refers only to the signing of seamen.

Mr. REID: Under the old act the definition of home trade voyage would allow a ship to leave Vancouver, New Westminster or Montreal and go to Buenos Aires provided it did not directly cross the ocean. Now, by the new definition, a home-trade vessel though it may operate twenty or thirty or even more miles out from the shore, will not be allowed to leave Vancouver and go to Montreal, say, with lumber or any other cargo. As regards hazards at sea, there is just as much hazard leaving New Westminster or Vancouver and going to Los Angeles or Panama as there is in going through the Panama canal and coming up the other side.

Mr. DURANLEAU: The definition of home trade under the existing act refers only to the engagement of seamen. Section 124, subsection (c) reads:

"Canadian home trade ship" includes every ship registered in either of the provinces, employed in trading or going from any place or places in any of the provinces to any other place or places in any other of the provinces.

Mr. REID: What is the definition of coastal trade?

Mr. DURANLEAU: This definition is included in part III, which deals with seamen only.

Mr. REID: I must come back to this point, because it will affect ships leaving either the Atlantic or the Pacific coast for ports in Canada. I cannot accept the minister's statement in regard to hazards, because there is just as much hazard going to the Queen Charlotte islands and other places as there is crossing the Atlantic. A man has to be a real sailor to go to Queen Charlotte islands. There is just as much hazard going from New Westminster to Los Angeles—I believe they go seventy-five miles from shore—as there is coming up on the other side, and I see no reason why going through the Panama and coming up the other side of Montreal should bring a vessel within the classification of foreign and not home trade voyages.

Mr. DURANLEAU: If my hon. friend will compare the existing act with this bill he will find that while there may be a difference as to certificated masters, there is no change as regards the strength and structure of ships.

Mr. REID: There is quite a difference. The minister read clauses from the Shipping Act to bear out his contention, and I say that he

is failing to take into account one most important feature that has a bearing on Canadian ships.

Mr. DUFF: I thought I made it clear that under chapter 186, the old act, instead of being called home trade voyage it was called coastal voyage, and I read to the committee the definition of coastal voyage, which extended to 40 south latitude. That goes as far south as Buenos Aires. The minister says that is not correct, and I would ask him to have his officials look it up; I forget just now what the section is.

Mr. DURANLEAU: I do not think I said what the hon. member stated.

Mr. DUFF: The minister said that the old act was not any broader than this. I say that under the old act instead of being a home trade voyage, it was a coastal voyage, something every sailor could understand, and it extended to Buenos Aires. That would take in what my hon. friend said. In order to meet the minister's views I was willing to bring it up to five degrees north latitude which would be in the latitude of British Guiana where the Canadian National steamships, the ships of the Minister of Railways, go every fortnight. Surely that is a fair compromise. The minister says that a home trade voyage is the same under the old act as it is under this. What does he say besides that? The minister will not say that I am trying to be too critical with him. He says that foreign voyages are more hazardous than home trade or coastal voyages. I do not know who advised the minister, but let me say that the worst voyage a vessel can make is from the bay of Fundy through Long Island Sound to New York. I would rather cross the Atlantic ten times than go from the bay of Fundy to Boston or New York, and yet that is a home trade voyage. Still the minister tries to tell the committee that a foreign voyage is more hazardous than a home trade voyage. Surely somebody is misleading him. I do not want to waste my time here; I desire to go home and to do some business, but I say to the minister he should move that the committee rise because he has been badly advised by his officials when he says to any intelligent man not only on the floor of the house but elsewhere that a foreign voyage is more hazardous than a home trade voyage. That is not the case.

Mr. DURANLEAU: That is not what I said.

Mr. DUFF: The minister said that a foreign voyage was more hazardous than a home trade voyage. A home trade voyage is ten times as hazardous. Did the minister ever leave Halifax and go to Canso or leave Vancouver and go up the inside channel to Prince Rupert? I would rather leave Vancouver and go to Hongkong than go to Prince Rupert. Let us get down to brass tacks. How are we going to trust our officials if we are going to be told tommyrot like this? I do not want to be too critical; I do not want to say that the minister does not know anything about the bill, but what I have said shows conclusively that the bill should stand. It was considered for two years in the Senate.

The CHAIRMAN (Mr. Smith, Cumberland): Order. We are dealing with subclause 26 of clause 2.

Mr. DUFF: I am dealing with foreign voyages.

Mr. BENNETT: The hon. gentleman's observations are wholly foreign to the clause.

Mr. DUFF: Well, I have heard the Prime Minister in previous remarks just as far away from the point as a home trade voyage would be under this clause. Instead of subclause 26 with which we are dealing and the strange amendment moved by the hon. member for Quebec-Montmorency (Mr. Dorion), I made a suggestion to the minister before the Prime Minister came in and I believe he will agree with me in his heart if he does not outwardly. I said that subclause 26 instead of reading as it does should read in this way, and I will read it so that the Prime Minister may hear me. I will first read what it says in this wonderful bill which came from another place:

"Foreign voyage" means either a voyage between a place in Canada—

That might mean up in lake Winnipeg, for instance.

—and a place not in Canada—

That might mean anywhere else.

—other than a place within the limits of a home trade voyage or a voyage between places not in Canada and not all within the limits of a home trade voyage.

Did the committee ever hear such a stupid, ridiculous definition as that? That clause alone cost the country some $10,000 with those wonderful legal men who, the minister told us, drafted this bill. Then the hon. member for Quebec-Montmorency, which is far removed from the stormy waters of the Atlantic or the Pacific, moved the following amendment to this subclause:

"Foreign voyage" means a voyage extending beyond the area of a home trade voyage—

Where else would it be? This is taken for granted.

—and not being an inland voyage or a minor waters voyage.

Is that not a great suggestion coming from the hon. member for Quebec-Montmorency? Before the Prime Minister came in, I did not move but I suggested that subclause 2 of clause 2 be amended to read:

"Foreign voyage"—

I am delighted to see the Prime Minister in his seat.

Mr. BENNETT: I am bound to say that he is not listening to the hon. gentleman.

Mr. DUFF: Is it nice to say that?

Mr. BENNETT: It is nice to say that.

Mr. DUFF: This is what I suggested:

"Foreign voyage" means a voyage between Canada, and a port east of the 60th degree of longitude and south of the fifth degree north latitude, and north of the 65th degree—

That is on the Atlantic coast.

—and a port west of the 125th degree of longitude, and south of the fifth degree north latitude, and north of the 65th degree.

There I have given a simple amendment in nautical terms which every sailor, every mariner, understands, and not a clause like the amendment moved by the hon. member for Quebec-Montmorency nor like what was in the bill which the Prime Minister said must go through this house this session in spite of the fact that it came down here only a few days ago. That is a simple suggestion to clear up the matter. If I were playing politics I would say: Let the bill go through; there would not be a mariner or a sailor or a business man vote for the government at the next election if this bill goes on the statute books. But the matter is too serious for that; there are thousands of men interested in shipping and all I am trying to do is straighten out certain clauses which I have had time to consider so that the bill will be reasonable and clear and will not be a conglomeration of pastepot and scissors as it is as drafted by the legal gentleman who spent two years in preparing it.

The CHAIRMAN (Mr. Smith, Cumberland): I would call the hon. member to order again.

Mr. BENNETT: The hon. gentleman has referred to me and therefore I think it well for me to say how clearly the amendment moved by the hon. member for Quebec-Montmorency indicates what is desired. There are three kinds of voyages; home voyage, foreign voyage, inland voyage. The home voyage is defined in the statute and the amendment moved makes it clear that it is any voyage other than a foreign voyage or an inland voyage.

Mr. DUFF: Or a minor waters voyage.

Mr. BENNETT: Can one get anything clearer than that?

Mr. DUFF: It is as clear as mud.

Mr. BENNETT: By excluding the other named voyages, necessarily the term "home voyage" includes all other forms of voyages. Could anything be clearer than that? Instead of fixing it by latitude and longitude, you fix it by the form of voyage, and all forms of voyages which a ship may take other than those named as excepted shall be home voyages. Does the committee wish anything clearer than that?

Mr. DUFF: I would think we would deal with the foreign voyage first and then necessarily use those terms outside of the foreign voyage. The minister has got it all twisted; he is going backwards; he has reversed his engines and is going back half speed. I say the foreign voyage should be the voyage designated. I also say that if the Prime Minister's statement is right a man who wants to make a foreign voyage has to look up this act and see what a home-trade voyage means and then what an inland voyage means and what a minor waters voyage means. So that before he gets through he will be trying to get up the St. Lawrence and the Ottawa river over the mountains and the Lord knows where he will get. Why not put it in simple language that a sailor can understand? Why all this nonsense about other than a home trade and inland water voyage? Who ever heard of such ridiculous nonsense in a definition?

Mr. DURANLEAU: In defining these different kinds of voyages we are proceeding in the way which has been adopted by England for centuries. If you look at the Merchant Shipping Act you will see that England defines a minor waters voyage, an inland waters voyage, a home-trade voyage and a foreign voyage. In England the home-trade voyage includes all kinds of small voyages, on inland or minor waters—all are included in home-trade voyages—and then the others are the foreign voyages. In this bill we have minor waters voyages; inland waters voyages and home-trade voyages defined very clearly. Then we say all other voyages will be foreign voyages. I think that is clear.

Mr. DUFF: My hon. friend said a moment ago that the English act defines minor voyages

and so on, and a moment afterwards he turned right around, went on another tack and said the only thing in the English act was home-trade and foreign voyages. If the minister is going to change his views in even half a second on this thing how can we expect him to know much about the other sections? He told us deliberately a moment ago that in the British act there were minor waters voyages and inland waters and home-trade voyages, and because he realized he made a mistake he turned around and said, No, pardon me, there are two definitions in England, home-trade and foreign. That is the trouble with this whole bill; the minister has not studied it.

The CHAIRMAN: (Mr. Smith, Cumberland): Order.

Mr. DUFF: What is wrong with that?

The CHAIRMAN (Mr. Smith, Cumberland): Everything is wrong. We are on subsection 26.

Mr. DUFF: We are talking about voyages. I am quite in order.

Mr. POULIOT: In order to have some understanding about a foreign voyage one must know the line of division between interior and exterior waters, especially in the St. Lawrence river. For a long time I have been asking the government what is the line of division between interior and exterior waters in the St. Lawrence river. I was told that no change had been made. I understand that the "exterior" waters come like a V in the gulf of St. Lawrence and river St. Lawrence. I would like to know from the minister what the line of demarcation is.

Mr. DURANLEAU: I would draw the attention of the hon. gentleman to the fact that in the bill there is no definition of interior or exterior waters; the terms used are "inland waters of Canada," and they are defined in subsection 41 of section 2:

"Inland waters of Canada" means all the rivers, lakes and other navigable fresh waters within Canada, and includes the river St. Lawrence as far seaward as a line drawn from Father Point to Point Orient.

Mr. POULIOT: Yes, but the Royal Canadian Mounted Police gave certain instructions to their men some time ago, and I asked the government why there was a change. Instructions were given first for the men of the Royal Canadian Mounted Police to stay within a certain line. Afterwards other instructions were given, and then new instructions were given in accordance with the first instructions. I would ask the minister why that line has been changed, and at whose request.

[Mr. Duff.]

Mr. DURANLEAU: I do not think there is any change in the law as to that line. I understand my hon. friend means in the St. Lawrence river. I think it was the same line before, from Father Point to Point Orient. I have no knowledge of any instructions given to the Royal Canadian Mounted Police as to the limits of our inland waters. If my hon. friend refers to a special case I shall be pleased to have the particulars and to investigate it, but I do not think there was any change in regard to the limits of our inland waters in the St. Lawrence.

Mr. POULIOT: I shall not insist any further at the moment. I will take it up at eight o'clock and see in Hansard the precise answer given by the government. The point is I could not get any information about the change in the line dividing interior and exterior waters, but what I know is that the Royal Canadian Mounted Police have given instructions to their men which were entirely different from former instructions, and I wondered what was the reason for that change. If there is a line it cannot be changed at the will of the Royal Canadian Mounted Police. If that line is good for the merchant marine it is good as well for the police. Navigation within that line is inland shipping, and outside of it is foreign shipping. Therefore it is a most important line of demarcation, and we are entitled to have all available information about it. It is of the utmost importance because when the ships go outside of that line they are no longer under the jurisdiction of Canada; they are sailing under international law. Therefore it is most important to have that information. I shall be more precise about it at eight o'clock.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PUBLIC WORKS PROGRAM

PROPOSED CONSTRUCTION AND IMPROVEMENT OF CERTAIN PUBLIC WORKS AND UNDERTAKINGS THROUGHOUT CANADA

Right Hon. R. B. BENNETT (Prime Minister, for the Minister of Public Works) moved that the house go into committee to consider the following proposed resolution:

Resolved, that it is expedient to bring in a measure to authorize the expenditure of certain sums of money for the construction of and

repairs to public works and for dredging and improving harbours and rivers throughout Canada.

Motion agreed to and the house went into committee, Mr. Gobeil in the chair.

Mr. BENNETT: I assume it is the wish of the committee that the bill to be founded upon the resolution should be presented as soon as possible, because the details are more important than the subject matter of the measure itself. It contemplates the expenditure of something less than $40,000,000 for the purpose of public works undertakings throughout the dominion from the Atlantic to the Pacific. The details I suppose I am not expected at this time to indicate, further than to say that in a large way by the expenditure of the moneys in question it is proposed to give employment to as large a number of persons in as many walks of human activity as may be possible. As I intimated to my right hon. friend the other day, if the resolution is passed I propose to move the first reading of the bill, and when the bill is in committee the fullest possible opportunity will then be afforded for criticism and suggestions.

Mr. MACKENZIE KING: The resolution indicates the nature of the bill, and the Prime Minister to a certain extent has indicated the extent of the moneys to be spent. I agree that the details constitute the feature of the legislation of greatest interest, and I imagine little good can be served by discussion of the resolution in committee.

Mr. MACKENZIE (Vancouver): Will hon. members be given an opportunity to make representations with regard to certain work in their respective communities?

Mr. BENNETT: It is only fair to say that when the bill is in committee of the whole I expect many criticisms will be offered from many sources.

Mr. MACKENZIE (Vancouver): And suggestions.

Mr. BENNETT: Suggestions also.

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 113, to provide for the construction and improvement of certain public works and undertakings throughout Canada.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall said bill be read a second time?

Mr. BENNETT: Next sitting.

Mr. MACKENZIE KING: Has the bill been printed?

Mr. BENNETT: No; I intended to say to my right hon. friend that the bill is not yet printed. I was not able to have it printed because for the last few days the Minister of Public Works has been away, engaged in patriotic work for his country. I desired to leave it until the last minute before completing it. I completed the bill itself this morning—the schedules he had had prepared for some time—and the bill will go to the printing bureau to-night. I believe I could send my right hon. friend a typewritten copy, and I shall endeavour to get a schedule for him.

Mr. MACKENZIE KING: I assume the bill also is intended for patriotic purposes?

Mr. BENNETT: I can assure my right hon. friend that when he looks at it he will regard it as being the acme of patriotism, inasmuch as communities which have little claim except their adherence to the time honoured tenets of the great party which he has the honour to lead, have not been forgotten.

CANADA SHIPPING ACT

The house resumed consideration in committee of Bill No. 91, respecting shipping—Mr. Duranleau—Mr. Smith (Cumberland) in the chair.

Section 2, subsection 26, agreed to.

On subsection 38—Home-trade voyage.

Mr. DURANLEAU: I should like to have this subsection stand for the moment.

Subsection 38 stands.

Subsections 35, 39 and 102 agreed to.

Section agreed to.

On section 100—Deck cargo.

Mr. REID: From the bill of last year these words have been inserted, "carries into Canada" as deck cargo. Now that affects the measurement of foreign ships, and it would affect lumber shipments from the Pacific coast to the Atlantic coast.

Mr. DURANLEAU: Those words have been inserted in this bill.

Mr. REID: But it affects the measurement of ships, and it will affect Canadian ships carrying lumber from one of our coasts to

the other. When a ship leaves one coast it will be a foreign vessel, and this section says:

If any ship, British or foreign, other than a home trade ship—

enters a port in Canada—

Mr. DURANLEAU: If a British ship was bringing a cargo of lumber to Montreal, for instance, she would have to pay duty.

Mr. REID: I do not think the minister caught my point. We have two definitions of ships; there is the foreign ship and the home-trade ship, and in section 100 you are excluding the home-trade ship. The section reads: "British or foreign" ships, so it has a relation to subsection 35 of section 2. If a ship leaves one port on the Pacific coast and goes to a port on the Atlantic coast it would be a foreign-going ship and would come under section 100.

Mr. DURANLEAU: That is right.

Section agreed to.

On section 120—When certificates not valid.

Mr. DURANLEAU: I move to amend this section, Mr. Chairman, by striking out paragraph (b) in subsection 1, and inserting in lieu thereof the following:

(b) after an inquiry if the minister is satisfied that such holder has become permanently incapacitated in respect of the performance of his duties as a master or mate, as the case may be, such an inquiry shall be held in a like manner to an inquiry held under the provisions of section 572 of this act.

In other words, we are deleting the paragraph which limits the life of a mariner's certificate to five years. Under the amendment the certificate of a mariner will be for life, but the minister will have the power to institute an inquiry in a particular case. For instance, if it was reported to the minister that a master who had a certificate as such had become incapacitated by sickness or permanent disability, the minister would have the power to ask for an inquiry, and after the inquiry to suspend or cancel his certificate.

Mr. VENIOT: Have you also power to reinstate him ?

Mr. DURANLEAU: I should think so. If the minister has the power to suspend or cancel he has the power to reinstate. This, however, is to cover cases of permanent disability. If the inquiry shows that it is only a temporary incapacity the minister has no power to cancel the certificate. It is only in cases where the incapacity is permanent.

Mr. REID: How does that affect subsection 2, reading, "Every certificate of competency or service as master or mate" and so forth?

Mr. DURANLEAU: Yes, I move also, Mr. Chairman, that subclauses 2 and 3 be deleted.

Mr. NEILL: Does not the minister think he has sufficient power of inquiry under section 572? He is given there full power to investigate when a complaint is made of any condition of incompetency or misconduct, so why is the new clause needed? I think section 572 gives him all the power he wants.

Mr. DURANLEAU: No, I have been studying this point very carefully since last week and section 572 does not cover this point.

Mr. NEILL: Under section 572 you can hold an investigation into incompetency.

Mr. DURANLEAU: But section 572 does not cover the case of incapacity from sickness or other causes.

Mr. NEILL: Is not incapacity the same as incompetency?

Mr. DURANLEAU: I do not think so. I have discussed the matter with experts and we came to the conclusion that incompetency or misconduct are the only cases covered by section 572. There is no harm in inserting this provision for an inquiry into cases of permanent incapacity.

Mr. NEILL: I think we are entitled to give the minister credit for making this change. It is a very great improvement and will be appreciated by a whole lot of men who have been very anxious about it.

Mr. MacINNIS: Cancellation will not take place unless the disability is permanent. But if the disability is only temporary will the minister have the power to suspend temporarily?

Mr. DURANLEAU: We considered that point. We want to cover certain particular cases where a master, for instance, is paralyzed or otherwise incapable of performing his duties and persists in continuing to act as master. We have found cases of that kind. It is only in extreme cases that we intend to intervene.

Amendment agreed to.

The CHAIRMAN: (Mr. Smith, Cumberland): There is a further amendment to strike out subsections 2 and 3 of section 120.

Mr. NEILL: The last subsection states "unless the holder of the same at the time of renewal is a British subject." Are we going to do away with that?

Mr. DURANLEAU: Paragraph (a) covers that point.

Mr. NEILL: I am talking about subsection 3, which refers to a British subject.

Mr. DURANLEAU: That subsection refers to the renewal of a certificate, and these are life certificates.

Amendment agreed to.

Section as amended agreed to.

On section 121—Certificates to remain in force.

Mr. DURANLEAU: I have a slight amendment to move to make this section conform with the amendments to section 120. I move that the words "subject to the provisions of the next preceding section" be added before the word "certificates" in line 41, and that all the words after the word "issued" to the end of the section be struck out.

Amendment agreed to.

Section as amended agreed to.

Section 130 agreed to.

Sections 180 and 181 agreed to.

On section 182—Certificate of discharge.

Mr. DURANLEAU: I have an amendment to move to subsection 1. Under the section as it now reads, when a seaman is discharged the certificate of his discharge is not supposed to contain any statement as to his wages or the quality of his work. If the section were to remain as it is now in this bill, when a seaman would be discharged and would ask for a certificate of good conduct or of competency from his master, the master would answer that under the law the certificate must not contain any statement as to wages or the quality of work. I am moving that the words "unless requested by the seaman" be added at the end of the subsection. The subsection will then read:

(1) The master shall sign and give to a seaman discharged from his ship, either on his discharge or on payment of his wages, a certificate of his discharge in a form approved by the minister, or any form approved by the proper authority in that part of His Majesty's dominions in which the ship is registered, specifying the period of his service and the time and place of his discharge, but not containing any statement as to his wages or the quality of his work unless requested by the seaman.

Mr. MacINNIS: I think that amendment would mean that a master would not have to give a certificate unless asked by the seaman. I think it qualifies the whole subsection and not merely the last clause.

Mr. DURANLEAU: I do not think it can be argued that these added words refer to the whole subsection. There is a comma after the word "discharge".

Amendment agreed to.

Section as amended agreed to.

On section 284—Sanction required for discharge of seamen out of Canada.

Mr. REID: Did the minister consider the suggestion I made regarding seamen who were engaged at one port in Canada and discharged at another and left destitute?

Mr. DURANLEAU: In the case of a seaman hired at Vancouver and discharged at Montreal, the law does not provide for any assistance. He is still in Canada and he has his recourse against the master; he is treated like any other citizen. This section protects only seamen discharged outside of Canada.

Mr. REID: It would take only a very simple amendment to take care of men stranded in Canada. It is all very well for the minister to say that a seaman can go to the courts, but many of these ships are registered and a seaman stranded in Montreal or elsewhere has little chance of recovery without knowing who are the proper owners of the ship. If we are taking care of seamen stranded on foreign shores, I think we should take care of those who are stranded in their own country three thousand miles away from home. I quoted a case which occurred last year where a man was left in Montreal after having been engaged in Vancouver.

Mr. MacINNIS: I should like to add a word to what has been said by the hon. member for New Westminster (Mr. Reid). Several cases have arisen during the past few years, some in connection with Canadian National ships. I believe that after intercession with the authorities the sailors stranded in Vancouver or in Montreal, whose home was in the other city, were at the expense of the Canadian National afterwards returned to their home port. It is only fair that that should be specifically in the act.

Mr. DURANLEAU: It is supposed to be only a matter of agreement between the master and the seaman. It seems to me that a Canadian seaman is at home in any place in Canada. There are seamen's associations

in all parts of the country to take care of any seaman who is discharged in a Canadian port. The case is different when the seaman is discharged outside Canada, and that is why the law takes care of him.

Mr. REID: Section 284, subsection 1 provides that:

> The master of a ship registered in Canada shall not discharge a seaman at any place out of Canada (except at a port in the country in which he was shipped), unless he previously obtains ...

What objection could there be to inserting "shall not discharge a seaman at any place out of Canada or in Canada"? I suggest that you strike out the words "out of Canada"; that would meet the whole situation.

Mr. DURANLEAU: The minister may, in the form of agreement between masters and mates impose upon the master certain obligations with respect to the protection of the seaman discharged in any port in Canada, but I do not think that should be embodied in the law. In this section we are protecting the seaman when he is outside Canada and who may be in great difficulty.

Mr. MacINNIS: But a seaman might be in great distress in Canada as well as outside, and if the minister can by imposing on the master certain obligations which are not provided for in the act, and if it is fair to impose those obligations, why not put them in the act in the first place and so save trouble?

Mr. REID: A seaman stranded three thousand miles away from his home port would have greater difficulty in getting home than a man stranded one hundred miles away, if he were stranded in say Seattle, because in that event he would come under the British consul, being in a foreign country. Yet he would be only one hundred miles from his home port. Now you have provided in this act for a man who finds himself in that position, and when we appeal to the minister to take care of a seaman stranded three thousand miles from his home he says that it cannot be done.

Mr. CASGRAIN: Ridiculous.

Mr. NEILL: If the minister will not give way on that, I will call attention to another error that should be looked into. The section provides that the master shall not discharge a seaman at any place out of Canada "except at a port in the country in which he was shipped." That should read, I submit, "except at the port." He may have been shipped in Liverpool and he might be discharged in London, or if in Australia there might be thousands of miles between the port at which he was shipped and the port at which he was stranded. This exemption applies to "a" port; apparently any port will do. I think it should be the port at which he was shipped.

Mr. DURANLEAU: The intention is exactly what my hon. friend says. The moment the owner of a ship discharges the seaman in his own country we feel that he has satisfied the conditions. We cannot expect a ship to go very far from its port to discharge a seaman, and the moment he is discharged in his country that is satisfactory. All parts of the empire at the convention discussed the matter and they were all satisfied with this provision.

Mr. NEILL: Is that in the British act? Is there not provision for a master paying the seaman's fare to the port at which he was signed on? I cannot understand that the British law would allow a man to be discharged a couple of thousand miles away from the port at which he was shipped. I always understood that he had to be landed at the port from which he started.

Mr. DURANLEAU: Section 30 of the Merchant Shipping Act contains the same provision.

Mr. NEILL: But is there not a provision in such a case for his being paid railway fare to the port of origin?

Mr. DURANLEAU: Section 30 of the Merchant Shipping Act declares that the master of a British ship shall not discharge a seaman at any place out of the United Kingdom except at a port in the country in which he was shipped.

Section agreed to.

On section 288—Expenses of medical attendance in case of injury.

Mr. RALSTON: Before we discuss this section I would call the attention of the minister to a purely formal amendment that should be made in section 167, subsection 2, unless he has a note of it. It refers to the superintendent.

Mr. DURANLEAU: I have an amendment.

Mr. RALSTON: It should be the shipping master.

Mr. REID: Did the minister consider the question of compensation to see whether it is possible, either by an increase of one cent or by some other means, to take care of sailors injured through the loss of a limb or otherwise?

Mr. DURANLEAU: As I said to my hon. friend the other day, in such an event the seaman should be taken care of by the compensation act of the province. I do not think we can deal in the shipping act with the question of damages.

Section agreed to on division.

Sections 299 and 328 agreed to on division.

On section 338—Exempted ships.

Mr. DORION (Translation): Mr. Chairman, previous to passing the two sections 338 and 339, I wish to make a few comments. At page 47, French version, of a report tabled in the house, Sir Alexander Gibb expresses himself as follows:

> The existence of good pilots is of profound importance to Canada, and particularly on the St. Lawrence route, which has only with difficulty been established as one of the great highways of shipping. The Department of Marine has devoted a great amount of thought to the lighting and buoying arrangements and other aids to navigation—and with outstanding success. It is essential, therefore, that the pilotage also should be closely controlled by government.
>
> From the evidence I obtained, it is clear that the standard of St. Lawrence pilots is, on the whole, high; and the administration of this branch of the Department of Marine has a reputation for strictness.

Under the former act ships coming from the province of Ontario and having to go down the St. Lawrence river from Montreal to Quebec and from Quebec to Father Point were obliged to provide themselves with pilots. According to the new act under consideration, pilotage service will not be required between Quebec and Father Point. I contend, sir, that the pilotage between Quebec and Father Point is as dangerous and difficult as that between Montreal and Quebec, in connection with coastal navigation.

Navigation between Quebec and Father Point can only be guided by compass, or by beams of light cast from lighthouses located along the coast. Often, if not generally, fog prevails in the lower St. Lawrence river, so that navigation is very difficult. If navigators, without any previous experience, are permitted to navigate the lower St. Lawrence river without a pilot's licence, navigation in those waters will become difficult. I fear, especially, that when this bill has been sanctioned, such as it is drafted, we shall have acicdents. Moreover, the past has shown that many accidents which happen in the lower St. Lawrence river, could be traced to the fact that certain vessels were not provided with men possessing the required qualifications to pilot them.

Pilots are required to possess particularly those from the lower St. Lawrence river between Quebec and Father Point, special qualifications and the navigation regulations in connection with the pilotage of those waters are entirely different from those required from persons who navigate on the Great Lakes or between Quebec and Montreal.

I again state, that special qualifications are required for pilots of the Quebec district. They must be acquainted with the rules governing ocean navigation and a more thorough knowledge of navigation is expected from them than from those who navigate the Great Lakes. Therefore, if this bill is passed in its present form, we shall have navigators without any knowledge of the lower St. Lawrence river, not having passed any test required from pilots, and such persons will be placed in charge of vessels who will have to meet, to pass or be passed by other vessels in charge of experienced seamen who were obliged to pass difficult tests.

I submit, sir, that the Quebec section should be placed on same footing as that of the Montreal section. Namely, vessels which navigate along the coast between Quebec and Father Point should be placed on the same footing as those navigating between Montreal and Quebec. I am not a sailor myself, however, from what I have heard, I gather that navigation is more difficult between Quebec and Father Point than between Quebec and Montreal. Between the latter two places, the channel is very narrow, but it is lighted day and night, it is so to speak buoyed throughout, while the Channel between Quebec and Father Point does not possess the same advantages. Moreover, between Quebec and Father Point, it very often happens that vessels are obliged to anchor and wait for the high tide. If navigators who have no experience of the lower St. Lawrence river are permitted to meet and pass vessels provided with pilots, it is clear that accidents will happen. For the good name of that part of the St. Lawrence river, we should place the section between Quebec and Father Point on the same footing as that between Quebec and Montreal and we should therefore add the word "Quebec" after the word "Montreal" in sections 338 and 339, in order that seamen who may have to navigate the lower St. Lawrence river will have no fear of meeting vessels in charge of persons who have had no experience of these waters.

Mr. CASGRAIN (Translation): Mr. Chairman, I do not always have an opportunity of agreeing with the hon. member for Quebec-Montmorency (Mr. Dorion). However, I

think that many of his suggestions, this evening, should appeal to the house. I have had a little experience in this connection—perhaps not as much as some, however, I have acquired a little since I represent in this house a maritime county. A number of representations have been made to me, with reference to section 338, by pilots who have had a wide experience, especially, by those who are required to pilot ships between Queber and the lower St. Lawrence. These pilots wish to be granted the same advantages and privileges as those of the Montreal district. I think that an amendment to that effect was moved in the Senate.

I deem it my duty to bring to the attention of the house an excerpt of a letter, dated May 31, 1934, from Mr. Cyrille Pouliot, special pilot for the Cunard line:

> I request to oppose with the greatest energy and vigour section 338, clause (ii) which grants certain unwarranted exemptions, as they will be the source of most severe accidents and, unfortunately, with loss of life. I have included in this letter a list of a number of accidents which took place in our section when no pilots were on board such vessels.

Those are, I think, the accidents to which my colleague for Quebec-Montmorency referred, a few moments ago. Such, for instance, the accident to the Empress of Ireland; in 1914, five miles outside the pilotage limits, at Father Point, the collision occurred with the ss. Storstad and 900 lives were lost. There was no pilot on board. Take the case of the General Wolfe vessel, in 1910, which was sunk at Murray Bay when a collision occurred with the ship Arranmore. No pilot was on board. Loss of life. Has not been refloated.

It was decided, about 1917, that colliers of the merchant marine plying between Sidney and Quebec would take no more pilots on board and that the captain would himself steer his ship. Hardly had such a decision been taken that the ss. Warrior grounded at the "St. Roch crossing." The same night, the Canadian Recruit which had no pilot on board was sunk by the Maskinongé in the Patch channel. The wreck remained there, and later a C.P.R. steamship tore its hull on it. This wreck having become an obstruction and a constant danger, the government expended very large amounts to remove it.

There is also the case of the steamship Montmagny. This government vessel collided on September 18, 1914, with the ss. Lengham, in the de Beaujeu channel. The ship was proceeding down the channel on the wrong side. It tried to cross over but was struck and sunk by the Lengham. Its hull is still there. There was a loss of life. No pilot was on board.

A tug was sunk by the ss. Batiscan at Madame island, in 1914. It was on the wrong side of the channel and when it tried to cross over, it was struck and sunk. This time again we had to deplore the loss of life. No pilot was on board.

The Christine, another vessel, was sunk by a submarine at Saint-Jean, Island of Orleans. Its hull which is an obstruction, still rests in the same place. There was one loss of life in this accident. No pilot was on board.

There is also the case of another ship, the Hochelaga. In 1926, this vessel of the Dominion Coal Co., was proceeding up the river on the wrong side of the channel without a pilot. It suddenly tried to cross over and was struck by the vessel Leopold D. The Hochelaga was blamed for this accident by a decision of the admiralty court.

There are other cases of like disasters and a more complete list could be given, if necessary. I think these are sound reasons to prove that the privileges granted to the pilots of the Montreal district should also be granted to those of the Quebec district. I shall not quote all the comments which were made to me as regards the reasons in favour of granting these advantages to the pilots of the Quebec district. I simply wish to quote the conclusion arrived at by Mr. Cyrille Pouliot, who is a regularly appointed pilot of the Cunard line. I am personally acquainted with him, he is a very efficient man in his profession, that is why I take the liberty of submitting to the committee his views. He states:

> If this Bill E passes, we, the pilots, can no further guarantee the safety of vessels as against the danger of collisions.
>
> We shall, perhaps, be obliged, at times, to ground our own vessels, in order to protect life. If it is intended to repeat the disaster of the Empress of Ireland with its 900 losses of life, it is only necessary to adopt this bill E. The government will not be able to contend that it was not warned by practical men.

We have but to let the bill pass in its present form and allow the vessels coming from the great lakes, Sidney or elsewhere, to proceed to Quebec, without the services of pilots and the unfortunate accidents such as those I quoted will reoccur.

Certain arguments are put forth by people who contend that it is unnecessary to have pilots. They are generally put forth by captains in charge of vessels coming from the Great Lakes and, while on their way to Montreal, take a rest when going through the canal. They have the services of pilots when

proceeding from Montreal to Quebec and, arriving at Quebec, they contend that they can easily steer their vessels to and fro in the lower St. Lawrence. They argue that after a number of trips, having already had the assistance of pilots, they have a sufficient knowledge of the routes and ports to enable them to dock at Clark city, Shelby or other similar ports, with the same facility as pilots. As I have just shown in my remarks in connection with the various accidents that have occurred—and as the hon. member for Quebec-Montmorency (Mr. Dorion) also stated—in certain cases when it is a matter of steering in one direction or of leaving one of these ports below Quebec so as to proceed to the open sea, it becomes much more difficult for a captain whatever may be his qualifications or his efficiency or his acquired skillfulness, he is exposed to all the dangers of meeting vessels or ships coming from the high sea.

When responsible and large companies take advantage on each trip of the services of pilots so as to protect the life of citizens and the goods they carry, it is only just that other companies, who carry on coastal trade and make use of the river route, be tied down to the same regulations.

There is another question. If other unfortunate accidents happen owing to the fact that no steps were taken to compel these companies to take on pilots below Quebec, I think that insurance companies will increase their rates and this in the long run will rather be detrimental to the various companies instead of being beneficial to them. There would be no harm done, sir, in granting to pilots of the Quebec district and those below Quebec, the same privileges as enjoyed by pilots between Montreal and Quebec. I think that this is necessary and that we should insist that these vessels which proceed from Montreal to Quebec and vice versa, and those that navigate between Quebec and the ports on the northern coast and also as far as Father Point, should have a pilot on board.

I am aware that such an amendment was moved in the Senate and discussed. It is unfortunate that it was not adopted. I do not think that it has any chance of passing this house, because generally when a bill comes from the Senate it is passed such as it is. It would be better to reconsider such a decision. The question is sufficiently important to reconsider it from the viewpoint of safety and protection to life, in case of accidents.

Mr. RALSTON: I generally agree with my deskmate (Mr. Casgrain) and I should like to agree with the very moderate presentation which he and the hon. member who preceded him have made of this case. But I venture to say that their submission only shows that when one concession is made it leads to another. We have never had compulsory pilotage between Quebec and Montreal. This bill provides that there shall be compulsory pilotage between those ports. That is a considerable hardship on shipping, particularly the shipping of the part of the dominion from which I come, operating up the St. Lawrence. Now having obtained that, my hon. friends—and I do not blame them; they present the views of those who have made representations to them—now propose that shipping shall have an additional burden placed upon it by having pilotage made compulsory below Quebec. Never since confederation, and that is quite a long time, has there been a compulsory provision affecting the lower portion of the river. Perhaps my hon. friends do not realize what a heavy burden they seek to impose on shipping, and particularly on the products of the province of Nova Scotia. I speak especially of the coal trade. I know one company which has eighteen vessels, which make an average of about twenty trips a year; this means 720 trips back and forth between Quebec and Father Point.

Mr. DURANLEAU: What company?

Mr. RALSTON: Dominion Coal Company. It would mean the imposing of a $65,000 burden on the Nova Scotia coal trade if compulsory pilotage were enacted applying to the pilotage district below Quebec. That is a substantial handicap. The government is endeavouring to assist in the marketing of Nova Scotia coal in central Canada by affording subsidies in connection with transportation, and it seems to me that if compulsory pilotage were imposed it would be giving with one hand and taking away with the other. While my hon. friends are perfectly justified in presenting the cases of the men whom they represent, at the same time we must remember that the trade of this country should have some consideration as well. Not since confederation have we had compulsory pilotage there, and as we all know that the route is being improved constantly, it seems to me that the argument for compulsory pilotage between Quebec and the mouth of the river is getting weaker all the time.

Further let me point out that the next section, 339, is rather ominous. As one who wants to see the coal trade of Nova Scotia developed I must say that I have some apprehension in regard to that section, which provides that the pilotage authority may make the pilotage district below Quebec compulsory. That threat is always hanging over

the Nova Scotia coal trade. My hon. friend has suggested that it is safer to take pilots. I do not know anything about these matters except what I am told, but I understand that below Quebec there are only two dredged channels and that they constitute a very small portion of the route, and outside of that it is open water. The suggestion is made that currents and fog are encountered, but I submit that the masters of our vessels are quite as competent and have as much experience with currents and fog as any pilots they could get, with all respect to the gentlemen whose case is being presented here and without detracting in the least from their qualifications. I understand that it is also suggested that the pilots know more about depth of water. Anyone knows that a man operating a coasting vessel has to familiarize himself with conditions as to depth of water, and most coastwise vessels are of light draft anyway. Notwithstanding that my deskmate urges it so strongly, I have emphatically to record my sincere protest against any extension of this compulsory pilotage feature, and any further imposition of an increased burden on the coal trade of Nova Scotia.

Mr. CANTLEY: I wish first of all to thank the hon. member for Shelburne-Yarmouth (Mr. Ralston) for what he has said in regard to this matter. As he has pointed out, since confederation we have never had compulsory pilotage below Quebec, and we do not intend to have it now. I would also point out that these pilots are employed practically seven months of the year and are idle the remaining five. They are among the best paid classes of labour in this country, and they ought to be jolly well satisfied with their positions.

Mr. DORION (Translation): I admit, sir, with the two hon. members who have just preceded me in this debate, that since Confederation pilotage is not compulsory between Quebec and Father Point for vessels of Eastern Canada.

Mr. CANTLEY: Speak in English, if you wish the majority of the house to listen to you. You can speak in English quite as well as in French.

Mr. CASGRAIN: Both languages are official.

Mr. CANTLEY: I am aware of that.

Mr. DORION (Translation): However, by section 338, there was added, to the provinces already exempted from pilotage, the province of Ontario. The danger does not arise from vessels coming from the maritime provinces but from those which do coastal trade on the Great Lakes and are ignorant of the regulations affecting navigation on the St. Lawrence river. Therefore, our objections—and I think that they are those of the hon. member for Charlevoix-Saguenay (Mr. Casgrain)—are not directed so much against vessels in the lower St. Lawrence as against those coming from the upper St. Lawrence river. Therefore, the act should be amended in such a way as to not make pilotage compulsory for vessels of the maritime provinces, but only for those of the upper St. Lawrence river.

Mr. CASGRAIN (Translation): If I may add a word, I think that the hon. member for Quebec-Montmorency has struck the nail on the head. It is not so much the vessels of the maritime provinces which are a source of danger, because those who steer them are excellent navigators, but the danger lies with the vessels coming from the Great Lakes. Their captains contend that, after a few trips in the lower St. Lawrence and having called at certain ports, they are able to enter and leave such ports and, moreover, they are as competent as pilots, navigators and captains of the lower St. Lawrence river. I contend that such is not the case. I admit that, in some instances, the captains and pilots of the maritime provinces may be as well qualified as those who pilot the vessels from Father Point to Quebec; but where the difference lies is that vessels from the Great Lakes, which navigate under different conditions are unable, relying only on those who man them, to acquire sufficient knowledge of those waters to safely steer the vessels under their charge and prevent all accidents and damages which they are liable to meet on their course.

According to the information I have furnished the house, a moment ago, in almost every accident, the vessels had no pilot on board. I think, sir, it is not asking too much, and such an amendment should be conceded to us.

Mr. DURANLEAU: I have only a word of explanation in answer to my hon. friend's remarks. The only amendment to the existing law consists in the addition of the word "Ontario" to the words "Quebec, New Brunswick, Nova Scotia, Prince Edward Island or any other or others of them," and the words "and any port in the United States on the river St. Lawrence or the great lakes." Under the existing statute a ship leaving Pictou, for instance, and coming to Montreal had no pilotage dues to pay in the district of Quebec, but the same boat

leaving Pictou for Toronto was bound to pay pilotage dues in the district of Quebec, although in a great many instances it did not use the services of a pilot. We thought there was an anomaly in this regard and all the companies engaged in home trade between the different provinces of Canada insisted that that anomaly should disappear, and because of that we have added the word "Ontario." That is not very important.

I have heard the reading of a letter from one of the pilots in the district of Quebec. It seems to me that he is very pessimistic. He has indicated that if there are no pilots on home-trade ships or on ships doing business between the Canadian provinces there will be a great number of casualties on the lower St. Lawrence from Quebec down. I say that that gentleman does not help the reputation of our great St. Lawrence river.

Mr. CASGRAIN: He is one of the best pilots, and is always retained by Cunard.

Mr. DURANLEAU: All the shipping companies engaged in this business running between the maritime provinces and Montreal, Toronto and great lakes ports have for years appeared before the department asking for this amendment. The Quebec pilots were heard before the committee which sat in another house, and were defeated. I think they were properly defeated. We have to consider the expenses incurred on the St. Lawrence from Quebec down to increase our aids to navigation, and the matter of giving the best service to navigators. There are only two points where there may be some danger, and those points are now well known by all navigators coming from the maritime provinces or from the great lakes; I speak of the traverse, and that part near the island of Orleans. The hon. member will recall that we have two channels at Quebec. Last fall the north channel was inaugurated. It has a depth of 32 feet 6 inches, and probably by the end of this season will be 35 feet deep. So that below Quebec, by the use of those two channels navigation is considered safe. I believe the section is only doing justice to those companies carrying on a business between the different Canadian provinces. I may say that all the companies interested have accepted the amendments, and in that statement I include even the amendment concerning the pilotage district of Montreal, rendering pilotage compulsory between Quebec and Montreal. Surely my hon. friends cannot make a comparison between the boat channel from Quebec down with the channel from Quebec up to Montreal. They cannot do it, and all the companies interested agreed on that point. As a matter of fact our experience has shown that although pilotage was not compulsory between Montreal and Quebec on those voyages between the different provinces of Canada, over ninety per cent of the ships have used the services of pilots. If we have rendered pilotage dues compulsory in that district of Montreal it is because we want to render navigation safer in that part. The ship owners have shown, by their experience, that they needed pilots between Montreal and Quebec. I may say all these companies were represented before the committee. I have received a long letter from the Shipping Federation of Canada, representing the Dominion Shipping Company, which carries coal for the Dominion Coal Company; Paterson Steamships Limited, Canadian Pacific Steamships Limited, Canada Steamship Lines, Hall Corporation of Canada, Sarnia Steamship Company and subsidiaries, Eastern Steamship Company and the Unit Transit Company. They all accept the amendments for the district of Quebec and the district of Montreal. Under these circumstances I think the section should remain as it is. Navigation is protected under section 339. The governor in council may at any time by order in council impose compulsion as to pilotage if it is considered necessary. I think that is enough protection for the pilot and for the safety of navigation on the St. Lawrence.

Mr. HEAPS: Mr. Chairman, I would point out to you that there is not a quorum present.

Mr. CASGRAIN: Count the house.

The assistant clerk having counted the house:

The CHAIRMAN (Mr. Smith) (Cumberland): There is a quorum present.

Mr. CASGRAIN: Subject to the rights of parties in this house, Mr. Chairman, if there is not a quorum, I shall proceed with my remarks.

Mr. HEAPS: The quorum is now going out, Mr. Chairman.

Mr. CASGRAIN: The hon. member for Quebec-Montmorency in the course of his remarks referred to certain parts of the report of Sir Alexander Gibb regarding the ports of Montreal and Quebec. We have heard of that report very often. I do not know if I am in order in bringing it up, Mr. Chairman, but the hon. member for Quebec-Montmorency based his case on parts of that report. So far we have seen only the face of that report but nothing tangible in the way of implementing

its conclusions. If I may be permitted a digression, I would ask the minister if he will be in a position before the house prorogues to let us know when the recommendations of that report regarding a merger or amalgamation of the ports of this country may be expected to be carried out.

Mr. DURANLEAU: I am not prepared to say at the moment that before the end of the session I will make a statement as to any legislation implementing the report of Sir Alexander Gibb. But we have already profited by that report in many respects, not through legislation, but in our practices, in the construction of harbour facilities, for instance, and in many other respects.

Mr. CASGRAIN: I understand that the report recommended that all the ports should be amalgamated under one board or commission which would have supervision over them. The bill we are now considering covers shipping in general, and as shipping affects the ports all over the country, my question may be regarded as pertinent. I asked the minister this question because I know that in the province of Quebec and in other parts of the country the report of Sir Alexander Gibb has been well received to a certain extent. I do not say that the people are favourably inclined to accepting all of his conclusions, but they were looking forward to the government implementing to a certain extent his report, or at all events, doing something about it. The government paid a great deal of money to get that report made, and we were told it would do a lot of good, that it would help to cut costs and improve conditions. That is the reason I bring this matter up.

Mr. DUFF: I was very much interested in what the minister said about the great shipping companies being favourable to this legislation in regard to pilotage in the St. Lawrence. I was still more interested in what the member for Quebec-Montmorency said this afternoon. He was very much interested in foreign voyages then, and now to-night he is interested in the St. Lawrence river. I think, Mr. Chairman, that the Quebec pilots should be protected, and any ship coming up the St. Lawrence river should be prepared to pay pilotage to these men who risk their lives in bringing ships up the St. Lawrence. I was surprised that the minister and the hon. member for Quebec-Montmorency should get up in their places in this parliament and argue that there was no necessity for ships coming from Nova Scotia or coming down the lakes from Fort William to pay pilotage, and it was all the more surprising in view of the fact that the hon. member for Quebec-Montmorency was so strong this afternoon in support of the clause to amend the shipping act in regard to foreign voyages. He represents a district where there is a number of pilots, and now he is supporting the minister and the minister is supporting him in advocating that no pilotage should be paid.

Section agreed to on division.

Section 339 agreed to on division.

On section 343—Ship not complying with previous section.

Mr. DURANLEAU: There is a clerical error to be corrected in this section. I move, Mr. Chairman, that in line 17 the words "liable to pay, to the pilotage authority of the district, a sum" be struck out. They were obviously inserted by error and do not make sense with the rest of the section. The section will then read:

> Every such ship which fails to comply with the provisions of the last preceding section shall be liable to pay, to the pilotage authority of the district, a sum not exceeding the amount of pilotage dues which would be payable for piloting such ship.

The CHAIRMAN (Mr. Smith, Cumberland): Mr. Manion moves to strike out the words in line 17, "liable to pay, to the pilotage authority of the district, a sum."

Mr. DUFF: The Minister of Marine and not the Minister of Railways and Canals moved that amendment. I would be quite satisfied if the Minister of Railways and Canals had moved it, but the fact is the Minister of Marine did so.

Mr. CANTLEY: What is the difference?

Mr. DUFF: Let us have this thing in order.

Mr. CANTLEY: The hon. member said he was not going to speak again.

Mr. DUFF: I would be quite satisfied if the hon. member for Pictou would get up and move this amendment. We should have this thing in order.

The CHAIRMAN (Mr. Smith, Cumberland): There is no name on the amendment as I have it.

Mr. DUFF: The minister moved it.

Amendment agreed to on division.

Section as amended agreed to.

On section 391—Form and particulars of inspection certificate.

Mr. DURANLEAU: There is a small amendment to be made here in connection

with the numbers in the fourth line of the section. I move to strike out the words "six hundred and sixty-one or six hundred and sixty-two" and insert in lieu thereof the words "three hundred and eighty-nine or three hundred and ninety."

Mr. DUFF: Mr. Chairman, I must again call your attention to the fact that a minister cannot move an amendment; this amendment must be moved by the Minister of Railways and Canals or the hon. member for Pictou.

Mr. MANION: I will move it.

Mr. DUFF: I should like to know if the Minister of Railways and Canals godfathers this amendment.

Mr. MANION: Yes, I said so.

Mr. DUFF: Will you please stand up and say so?

Amendment agreed to on division.

Section as amended agreed to on division.

Section 570 agreed to on division.

On section 637—Collisions.

Mr. DURANLEAU: There is a small amendment to be made to subsection 4, to strike out the words "body of water" in line 37 and substitute in lieu thereof the words "part or parts of the minor waters of Canada." This amendment is proposed to limit the power of the governor in council.

Amendment agreed to on division.

Section as amended agreed to.

On section 654—Tonnage how calculated.

Mr. DURANLEAU: I have a small amendment to move to subsection 2 of section 654. I move to strike out the words "scheduled" in line 13 and insert in lieu thereof the words "contained in the eighth schedule." If the hon. member for Antigonish-Guysborough has any objection, I will ask my colleague the Minister of Railways and Canals to move this amendment.

Mr. DUFF: I want to make this regular. It is altogether irregular that the minister should move amendments to his own bill.

The CHAIRMAN (Mr. Smith, Cumberland): The Minister of Railways and Canals moved it.

Mr. DUFF: The minister moved it and he asked me if I had any objection. I request the Minister of Railways and Canals to please get up and move the amendment.

Mr. MANION: As a matter of fact a minister piloting a bill through a committee may move his own amendments. The hon. member for Antigonish-Guysborough is wrong in saying that he cannot.

Mr. DUFF: That is not right.

Mr. MANION: I remember last year looking into this question very thoroughly. I was piloting the railway bill through at that time and I moved many amendments myself. The other day in the committee, the Minister of Finance moved many amendments with the consent of the chairman. It usually is the custom when a minister is piloting a bill through the committee that he does not move his own amendments, but he has the right to do so. However, I am very glad to move this one.

Mr. DUFF: Does the minister know what it is all about?

Mr. MANION: Oh, yes. I have studied this very deeply. Like my hon. friend, I spent last Sunday studying the bill.

Amendment agreed to.

Section as amended agreed to.

On section 702—Stevedores and trimmers.

Mr. DURANLEAU: There are a number of clerical errors which will have to be corrected by amendments. I move to insert the words "this part of" after the word "under" in subsection 2, line 14. I move to strike out the word "act" in line 3 of subsection 5 and insert in lieu thereof the word "part". I move to strike out the words "of this act" in subsection 6. I move to strike out the words "of this act" in line 11 of subsection 7. I move to strike out the words "of this act" in line 18 of subsection 8; to insert the words "this part of" after the word "which" in line 19; to insert the words "this part of" after the word "which" in line 21; to strike out the word "act" in the same line and insert in lieu thereof the word "part", and to strike out the word "act" in line 23 and to insert in lieu thereof the word "part".

Mr. DUFF: This is all out of order. Surely, Mr. Chairman, you are not going to allow the minister to get away with this? If there are any amendments to be moved they should be moved by another minister or another hon. member. This afternoon the minister told me that no one but a lawyer should make amendments to this bill in order that they might be legally drawn up. The minister now comes in and moves seventeen amendments to one section and he has no right to move

these. I want to ask the minister what this section is about and why these amendments are necessary. Either the Minister of Railways or the hon. member for Pictou should move these amendments. Perhaps the hon. member for Pictou would be more qualified to move them. I submit that the minister has given the whole story away when he finds it necessary to move seventeen amendments to one section. The whole thing is out of order. Unless the amendments are moved in the proper manner they should not be put to the committee.

Mr. DURANLEAU: My hon. friend stated that I said that no one but a lawyer could draft the sections of this bill. I did not go quite as far as that; I simply asked my hon. friend if he had had legal advice in drafting the amendments he suggested this afternoon. I was supported in that statement by some of my hon. friends opposite. The drafting of any bill is a very difficult job for one not versed in the law. Of course, a man of practical ability like my hon. friend is a great help to the legal mind in the drafting of such a bill, but I suggest that the actual drafting should be under the direction of a lawyer. My hon. friend says that there are some seventeen amendments. As a matter of fact, it is about the same error repeated in seven or eight places, superfluous words; and they are only clerical errors, absolutely. Last week I requested officers of the Justice department to go over the bill carefully and note any possible clerical errors. Having carefully examined their report, I suggest it is proper to adopt these slight amendments.

Mr. DUFF: The minister tells us that his department employed a gentleman of the legal profession to draft the bill. The taxpayers paid that gentleman some $15,000, and then the bill was before another chamber for two years, and that cost the country another $50,000.

Mr. CASGRAIN: More than that.

Mr. DUFF: And after that the bill was placed in the hands of another eminent legal gentleman who was paid by this government $50 a day for the whole session, which must have amounted to $3,000. Now the minister says that last week he had to go to the Justice department to find out whether a certain clause in the bill which he now brings before us was right or wrong, and he admits that this clause was not right. The minister admits that after this government spent thousands of dollars in the preparation of this bill, in 1932, in 1933 and in 1934, certain clauses of it had to be submitted to the Minister of Justice or his department, and we are told that the Department of Justice is of the opinion that this particular clause should be amended in certain respects. Did the minister ask the Department of Justice to give its views on all the sections of the bill? If that department is of the opinion that certain changes are necessary in one clause—fourteen or fifteen changes—then the same thing may be true of all 719 clauses. The whole thing is wrong. Only paste and scissors—

The CHAIRMAN (Mr. Smith, Cumberland): Order.

Mr. DUFF: Why order?

The CHAIRMAN (Mr. Smith, Cumberland): The hon. member is absolutely out of order.

Mr. DUFF: Why?

The CHAIRMAN (Mr. Smith, Cumberland): Because his remarks have no relation to the section under discussion.

Mr. DUFF: What is the section?

The CHAIRMAN (Mr. Smith, Cumberland): The section is 702, with amendment.

Mr. DUFF: The minister says that he had to go to the Department of Justice in connection with this clause. I am pointing out that this government employed learned counsel in Vancouver and paid him $100 a day for practically a whole year. This learned solicitor, after going over the bill, admitted himself that he used the paste pot and scissors.

The CHAIRMAN (Mr. Smith, Cumberland): The learned solicitor in question did not put this bill into print, and the amendments made before the committee are merely to correct errors made in the printing of it. I cannot see therefore that the hon. member's remarks have any relevancy to the amendment.

Mr. DUFF: It is not to correct errors in printing; that would be typographical. What we are trying to do is to correct the mistakes of the minister or of his legal advisers, or whoever it was that suggested these clauses. The minister has admitted that in this clause alone a number of amendments are necessary and I say that is sufficient to condemn the whole bill, because it shows conclusively that he has no right to force the bill on the people before it is properly considered.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the amendments carry?

Mr. CASGRAIN: On division, and we are very kind to let it go at that.

Amendments agreed to on division.

Section as amended agreed to.

On section 2—Definitions.

Mr. DURANLEAU: I think my hon. friend will admit that if, after having perused carefully the whole bill of 500 pages only a few clerical errors were found, perhaps ten or fifteen, this bill has been carefully drafted.

Mr. DUFF: I did not say I perused the whole bill. I said that of 497 pages I perused 124, and the minister has no right to say I perused the whole bill. I say now that he himself has never perused the whole bill.

Mr. DURANLEAU: I am sorry, but my hon. friend did not understand me. I said that after we had perused the bill, as our officials have done since last week, we found a few clerical errors like these.

Mr. REID: Was section 704 allowed to stand?

Mr. DURANLEAU: It was carried.

Mr. CASGRAIN: What is the amendment?

Mr. DURANLEAU: The amendment is that subsection 1 of section 2 be deleted and that subsection 2 be renumbered subsection 1, and that there be inserted as subsection 2 the following:

"Agreement with the crew" has the meaning as indicated in section 163 of this act.

Mr. DURANLEAU: I would like in a few words to explain the reason for the amendment. The definition of "the admiralty" was in the bill before it was amended, because the word "admiralty" appeared in certain clauses of it. When the bill was amended in the other house, the word "admiralty" disappeared from the sections, but the definition remained, in order to make no change to the numbering of all the definitions, one hundred and thirteen in number. As some of those definitions are referred to in a large number of clauses by their number, corrections would have to be made in a large number of clauses, and so they thought they should leave that definition because it was of no importance whatever. But I think it is better to delete this definition and insert the one I have just read defining the words "agreement with the crew." In this way there will be no change in the numbering of the definitions.

Mr. DUFF: I am sure I appreciate the fact that the Minister of Marine and anybody else connected with this bill, whether it be the government or somebody else, have come to the conclusion after perusing this legislation that as I suggested a fortnight ago no reference is made in it to the definition that—

"The Admiralty" means the Lord High Admiral of the United Kingdom for the time being, or the commissioner for the time being for executing the office of Lord High Admiral of the United Kingdom.

It is all very well for the minister after I suggested this a fortnight ago to say now that he is willing to cut out this subclause. This proves conclusively that the whole bill has never been properly considered by the ministry or parliament or this definition would never have been inserted. Why should a Canadian bill, a bill introduced in this parliament, whether in another place or here, refer to the Lord High Admiral of the United Kingdom? This proves conclusively that somebody fell down on the job. The minister this afternoon was very careful to tell us about what wonderful officials he had in the Marine department; but I say that the officials are not worth their salt or they would never have allowed the minister to come before parliament and be placed in the embarrassing position into which he has been put in the last fortnight and especially to-night when he had to admit on the floor of the house that in the 497 pages of this bill there is no reference to the Lord High Admiral or the commissioner for the time being for executing the office of Lord High Admiral of the United Kingdom.

The minister, I suppose on the advice of his officials, has moved that a certain clause take the place of this one. That is not a reasonable clause to insert there and just at this juncture I will suggest a better one. The minister must admit that these subclauses are inserted alphabetically. Let me explain what I mean. The first definition is "the admiralty—Ad. The next is "Admiralty Court"; the next "Board", and it goes on A, B, C. The minister wants to insert in place of the definition of "The Admiralty" under A, something about seamen. If he wants to justify his officials and justify his high priced lawyers who for two years have been sweating over this bill and making a mess of things; if he wants to justify the nineteen gentlemen in another place who never saw salt water; if he wants to justify anybody, let me suggest to him that instead of the definition about the seamen and instead of the definition of "The Admiralty", he insert a definition of "this act". I am doing this just now without consulting a solicitor or anybody learned in the law. Perhaps the chairman will help me out because he is one of the most

eminent lawyers in Nova Scotia. Instead of putting in this foolish clause about seamen, which is entirely out of order because all these definitions are inserted alphabetically, let him make this subclause 1 of clause 2 read: "'This act' means an act respecting shipping". That will get the minister out of the hole and his officials out of the mess they are in and bring, them back again sailing in clear water. Let the minister stop this talk about seamen because we must have a certain method of procedure in regard to this bill. Will he accept the suggestion from me that instead of inserting a clause which means nothing at all he put in the marginal note of subclause 1 the words "this act" and then go on to say:

(1) "This act" means an act respecting shipping.

That covers the clauses of Bill E and is much better than the amendment he moved, although I presume his officials have been sweating for ten days in an endeavour to find something to take the place of this subclause with regard to the admiralty and the Lord High Admiral, which should never have been in the bill in the first place if the minister had been properly advised, and if his officials had been the proper ones they would have never allowed this to come before parliament, thus placing the minister in the embarrassing position in which he has found himself in the last fortnight.

Mr. CASGRAIN: Was there any reference to the admiralty or the Lord High Admiral of the United Kingdom in any of the clauses of the bill?

Mr. DURANLEAU: Not in the bill as amended.

Mr. CASGRAIN: The only reason I am asking this is because the bill was submitted to us with that definition in the interpretation clause. There must have been some reason for putting that in. Like my confrere, the hon. member for Antigonish-Guysborough, I am much surprised; after a bill had been considered for practically the whole session before the other house, had been studied there last year also and had been studied as extensively as that the minister will readily admit it is most remarkable that in the last minutes before this bill is to be adopted we are told it is better that we should eliminate that clause and replace it by another. Surely the minister, whom I know to be a shrewd lawyer, who has a high standing at the bar, who was our batonnier and of whom we are all proud, will admit that we have some justification for our criticism of the bill.

Mr. REID: If this amendment carries, it will practically complete the bill and I think it does away with subclause 1. Before this happens, as it affects the engagement of seamen, let me make a last appeal to the minister regarding a clause—

Mr. DURANLEAU: If my hon. friend would care to wait, I have one or two more amendments.

Mr. REID: All right.

Mr. DUFF: I must ask the minister now to take time to consider what I have suggested. If he is going to delete this subsection 1 which refers to the admiralty and which he admits should never have been in this bill, he should put in some clause which relates specifically to this part of the bill. The amendment the minister has offered is not necessary.

Mr. DURANLEAU: Why?

Mr. DUFF: Because it is not, that is the reason. I say that it would be much better if the minister would take my suggestion—

Mr. DURANLEAU: The amendment may not be necessary, but it is desirable.

Mr. DUFF: It is not desirable. The minister is only putting this subsection in because he has to delete another.

Mr. CASGRAIN: To fill a gap.

Mr. DUFF: He admits now that this bill came from the august body in another part of this building, after being considered by two high-priced lawyers which must have cost this country some $30,000—

Mr. DURANLEAU: No.

Mr. DUFF: And in this bill there is no reference to the Lord High Admiral of the United Kingdom. If we had a lord high admiral of Canada I could understand it and would not object, but it refers to the Lord High Admiral of the United Kingdom for the time being or the commissioners for the time being for executing the office of Lord High Admiral of the United Kingdom. If those high-priced lawyers and the officials of the marine department and everyone who has been associated with the minister made this mistake in the very first subsection of this bill, what must we expect from the 497 pages of it? The minister wants to delete this section and put in another one with regard to seamen. I say that is not in order. What we put in this subsection should conform to

the alphabetical arrangement of these interpretation clauses. The minister's amendment does not fit in alphabetically. He tries to persuade us that he is saving money by taking out this section and making subsection 2 subsection 1 and so on instead of reprinting the bill. But he is not doing that at all. All he is doing is trying to save the face of either the hon. gentlemen in another house, or the high priced lawyers the minister had to deal with this bill, or some of his officials. My suggestion is that the minister's amendment should not be carried in order to save the face of those lawyers or those officials, but that clause 1 of section 2 should refer to this bill. It is a very simple thing; just say that this act means an act respecting shipping as contained in Bill E. I submit that it is much better than the minister's amendment. I am sure his official must have stayed up nights trying to find something to take the place of this foolish reference to the Lord High Admiral and the commissioners for the time being executing that office in the old country.

Mr. CASGRAIN: It is just to fill in a gap.

Mr. DUFF: The minister's officials have sweated over this and the minister himself has got grey-headed over it, and now he takes out the admiralty and instead of proceeding in the order of A, B, C, D, he is putting in its place an interpretation regarding seamen which should appear at about subsection 90. The minister surely should accept my suggestion.

Mr. CANTLEY: Mr. Chairman, may I ask the indulgence of the committee for a few minutes while I try to deal with my hon. friend the Presbyterian elder from Antigonish-Guysborough (Mr. Duff)? This afternoon my hon. friend although entirely out of order continued to speak for some considerable time. When his attention was called to the fact that he was out of order he said that if allowed to continue he would not speak again during this day. I am reminded of a story concerning a man in the old country who was elected an elder of the church. On his way home he saw his cow in the field and he said to her: "Betty, ye are no' a common coo the noo; ye are nothin' less than an elder's coo." Now my hon. friend has recently been elected an elder of the Presbyterian church of his home town, and I submit in view of that he ought to be a little more careful in regard to keeping promises he makes, particularly in this honourable house.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the amendment carry?

Mr. DUFF: No, Mr. Chairman, it cannot carry in view of what my hon. friend from Pictou (Mr. Cantley) has said. There is one principle in the Presbyterian church which requires that a man must be honest and sincere in his convictions. My hon. friend and I agree, except in this, that my hon. friend, who now occupies the chair of the Prime Minister—

Mr. CANTLEY: No, you are wrong.

Mr. DUFF: Well, the chair of the Minister of Justice. I am sure I would be delighted to see him move up there; in fact I would like to see him move up into the other house. The other night my hon. friend was the greatest critic of this bill. He told us that the phraseology of certain sections was absolutely wrong. Yet this afternoon and to-night as a sheep before her shearers is dumb so my hon. friend, openeth not his mouth. Why? Because the Prime Minister or some other influence or magnet has drawn him over into the seat of the Minister of Justice and now he tries to tell us that this bill should go through. My hon. friend knows very well that this bill is all wrong. He knows that there are clauses in it which he as a shipping man—and he knows a great deal more about shipping than I do—could not approve. He knows that Part II should be changed; he knows that this bill should not go through the house hurriedly—

Mr. CANTLEY: Stick to your promise.

Mr. DUFF: That is not quite fair. I admit that perhaps I have fallen from grace, but my hon. friend has fallen a number of times even if he is now sitting by the Minister of Trade and Commerce, who of course knows more about grace than either my hon. friend or I. I want to say to my hon. friend that this is a very important matter, and he knows it, a matter in which every man who goes down to the sea in ships is interested. The other day when I called the attention of the Prime Minister and the Minister of Justice and the attention of this committee to the fact that there is no mention of the Lord High Admiral in this bill, no mention of the commissioners for the time being for executing the office of the Lord High Admiral of the United Kingdom, in spite of the fact that the Prime Minister is perhaps better informed and has a greater memory than any other man in this parliament, yet he could not find in the 497 pages, the 719 clauses, or the schedules of this bill where the Lord High Admiral and the commissioners for the time being for executing his office are mentioned. He tried to find it, and I appreciate his effort, but to-night we have the minister

admitting that there is no such thing in the bill. Why should there be? This is a bill of the Canadian parliament; we have no lord high admiral; we have no commissioners of the admiralty in this country. It just proves conclusively that this whole bill has been badly drawn. In spite of the fact that the Prime Minister and the Minister of Marine had this man Griffin come from Vancouver at $100 a day, just as the Minister of Trade and Commerce has a $150 a day man in this other committee of his and has other lawyers at $100 and $50 a day—

The CHAIRMAN (Mr. Smith, Cumberland): Order, please. That has nothing whatever to do with the clause under consideration.

Mr. DUFF: Mr. Chairman, I certainly am in order in discussing the motion of the minister that this subsection be deleted. I am giving reasons why this clause should never have appeared in the bill. In spite of the fact that high priced lawyers and officials of the Marine department have been worrying over this bill for the last two years, the lawyers inserted the clause in the first place. The minister told me a fortnight ago and told this house that he had read the bill, and yet he now wants to delete the clause, in spite of the fact that only a week ago the Prime Minister and the Minister of Justice sat in their seats and looked over the bill, and could not find any clause or part of it in which the Lord High Admiral or the commissioners of the admiralty were mentioned. I say the amendment he has moved concerning seamen is not in place, and I suggest he should add a simple clause in order to conform with the alphabetical order of the bill. Hon. members will note that the definitions are indicated alphabetically. For instance, the first subsection deals with the admiralty, and then comes one dealing with the admiralty court. Then there is a subsection dealing with the definition of the word "Board." Definitions follow in their alphabetical order, namely, C, D, E, F, G. But to-night the minister wants to make a statement about seamen in the first subsection. I suggest that in order to save his face, and in order to save the face of the government who paid out thousands of dollars to bring this conglomeration of nothing before parliament, the minister could insert in the clause the words "'This act' means every clause in this bill E regarding shipping." I make this suggestion to the minister. I know he will not agree with it; he will take the advice of some official who does not know what he is talking about. Of course the minister will not take my advice, and I do not care whether he does or not. No doubt this bill will go through, because the Prime Minister is determined to push it through. It certainly is not a very great credit to anybody to put through a bill like this. The present bill will be passed as the first legislation based on the convention of a few years ago. All right, if the minister wishes the bill to pass, he may have it passed. But the men interested in shipping will wake up to-morrow morning and they will look at the amendment the minister is moving to-night, an amendment which is not even alphabetically correct, and express their disapproval. The minister admits there is no mention in the act about the admiralty or the commissioner. Why does he not put in the simple amendment I have suggested, and simply say, "'This act' means every clause in this bill E regarding shipping."

Amendment agreed to.

Subsection as amended agreed to.

On section 2, subsection 38—Home trade voyage.

Mr. CASGRAIN: I have one or two observations to make, because I believe section 120 passed when I was not in the chamber, and I may make some observations on this subsection. It has been brought to my attention that a change has been made in the description of a home trade voyage, and it is possible that some of the certificates of coastal captains may suffer thereby. I have discussed the matter with the assistant to the deputy minister who has given me some assurance in the matter, but I should like to have a definite statement from the minister who is piloting this bill through the House of Commons. I should like to know that those who have their certificates as coastal captains qualified to take ships up to the Labrador coast, or down to the Bermudas, will not be prevented from operating those boats. I have in mind the Clarke Steamship Company. I was told that with the description indicated the certificates would be issued to coastal captains with certain limitations. I should like to be properly posted. It may be that the law would apply only to the new certificates issued in future. I notice that section 120 provides for a renewal at the expiration of the period of five years. My point is as to whether or not they will be renewed in accordance with the terms of the present legislation, or the terms of the act as it stood previously.

Mr. DURANLEAU: That part of section 120 has been deleted.

Mr. CASGRAIN: It has been deleted?

Mr. DURANLEAU: Yes, the part limiting the life of the certificate to five years has been deleted. The certificates are not in any way affected by this bill. It affects only the future.

Mr. CASGRAIN: Do I understand that when old captains with coastal certificates come back and ask for renewals those certificates will be renewed in accordance with the terms which prevailed when they were issued?

Mr. DURANLEAU: They have a life certificate. They do not need renewal, except in the event of loss of their certificate. I have an amendment to subsection 38 of section 2. I move that the words, "north of the 60th parallel of north latitude or" be stricken out from lines 47 and 48, and that at line 49, after the word "latitude" the words "or through Bering strait" be added. The question as to the Hudson bay route has been raised. By the amendment, except on the west side, the limiting line to the north is deleted. On the west side the only limitation is that a home voyage boat could not pass through Bering strait.

Mr. DUFF: If the minister can be so generous, why does he not make it the north pole? Why mention Bering strait? Certainly there is no necessity to make it Bering strait. Of course the minister would not accept my suggestion because he would not consider it proper. In moving this amendment, however, he admits that I called to his attention and the attention of the government the fact that there had been a mistake made in naming the sixtieth parallel. Now he comes along, and instead of accepting my suggestion of substituting the sixty-fifth parallel of north latitude, he mentions Bering strait. Why not go the whole distance? Canada owns the north pole; she owns all the territory north of Hudson bay. Why does the minister, on the advice of his officials I presume, not accept my suggestion? Oh, no, they could not do that, of course. That would be altogether too much to ask. That would be very humiliating to the minister and to the government. My suggestion was made to-day to increase the northern latitude to the sixty-fifth parallel, and I believe it is better than the Bering strait suggestion. Does the minister know where Bering strait is? How far north is Bering strait. What parallel is it in? Surely if any person has pluck enough to pilot a vessel to the north pole the minister should not expect him in a home voyage, to go no farther than Bering strait. Why not make it zero? Why say Bering strait? Why do the officials talk about Bering strait? Will my hon. friend the Minister of Trade and Commerce look at the map, and if he does he will find that it does not affect the Pacific situation. It is surely much better to move the parallel from 65 to 70, or whatever it is. It just shows, Mr. Chairman, that the minister's officials are not advising him properly. I am going to ask the minister either to accept my suggestion and make it the sixty-fifth parallel or let this clause stand until to-morrow so that his advisers may advise him what is right. Why talk about Bering strait? The only thing a navigator knows is the parallels of latitude and longitude. What is the latitude in Bering strait, for instance? The minister is looking at the map. Will he please tell me—I have not a map before me—what is the latitude of Bering strait? We have now six men crowding around the minister looking to see what latitude Bering strait is in. Will the minister please tell the committee what latitude it is in? Why will not the minister accept my suggestion to move the parallel from sixty to sixty-five, which is the proper nautical way to do it. and that would make a voyage to Hudson bay a home-trade voyage? But the minister on the advice of some official in his department, who has no doubt stayed up nights trying to give advice, says that he is going to make this home-trade voyage to Bering strait. Why does he not accept my suggestion?

Mr. DURANLEAU: Just a word of explanation. The question of the Hudson bay voyage was raised in this house and we thought we could allow a voyage on the Hudson bay route as a home-trade voyage, under regulations passed by order in council. The parallel sixty has been eliminated because there is no other voyage to the north on the Atlantic side, and we did not see any reason why we should limit a voyage on the Atlantic side to the sixty-fifth parallel. But on the west coast, after considering the matter, a ship going through Bering strait and as far as the Mackenzie river, let us say, would have to go across deep water, across the sea, and then it becomes a foreign voyage where the hazards of navigation are greater. That is why the limitation on the home voyage on the western coast is the passage of Bering strait. I do not think my hon. friend can have any objection to that, for he knows perfectly well that Bering strait is between the sixtieth and seventieth parallels, and if he will read the amendment I am sure he will find it is quite proper under the circumstances.

Mr. DUFF: The minister admits that I am right. He says that Bering strait is between north parallels sixty-five and seventy. Why then does he not accept my suggestion to make the parallel sixty-five both on the west coast and on the east coast? Why name Bering strait? If I want to leave Nova Scotia and go to the north pole I will go further than the sixty-fifth north parallel.

The minister says that the Mackenzie river voyage would be a foreign voyage. Surely he does not mean that. No voyage in Canada, and of course the Mackenzie river is in Canada, is a foreign voyage. The minister is being badly advised. I say that all he has to do is to accept my suggestion. I am the one who brought it up, because, due, I will not say to the stupidity of the lawyers who drafted this bill, but to lack of knowledge of the members of the committee in the other house, they deliberately in the clause which we have to consider in this bill limited the home-trade voyage to the sixtieth parallel of north latitude. That means that a voyage to the Hudson bay would not be a home-trade voyage. Once you get fifty miles away from cape Chidley on the Labrador coast you are outside of the home-trade limits, and you are on a foreign voyage. The hon. member for Nelson agreed with me in that because he immediately asked the minister that this clause should stand for further consideration. Let us be fair about this thing. Why should we not make this clause read in a proper manner? Why should we say Bering strait? The suggestion I made to the minister this afternoon was that the home-trade voyage should include Canada, the United States, Mexico, the territory of Alaska, Newfoundland, Labrador, St. Pierre and Miquelon and the West Indies, in the course of which a ship does not go north of the sixty-fifth parallel of north latitude. No ship wants to go north of that, and the minister admits that Bering strait is within that definition. Why does the minister not accept the suggestion I made? Surely he must admit that I have a little knowledge of marine matters. I do not want to embarrass the minister. I am trying to help him. But just because the officials of his department have made a mess of this thing the minister will not admit that a mistake has been made. I say that it is not right for him to come in and move this amendment. He admits that the clause is wrong because he wants to amend it, and I say that he should accept my amendment and that the north latitude should go to the sixty-fifth degree, and so far as the south latitude is concerned instead of going to cape Hatteras it should go down to British Guiana which is five degrees north of the equator.

I am simply trying to be fair, Mr. Chairman. The minister must admit that I have no axe to grind. There is no politics in this thing, because if there were, I would simply let the bill go through holus bolus and then go out and say to every mariner in this country that this bill is a mess, and I would show them why it is wrong. All I am trying to do is to show the minister that this clause drawn up by somebody, I do not know whether it was his officials in the department or someone else, is all wrong.

Let me draw the attention of the committee to the definition of a coasting voyage under the old act. A coasting voyage is being changed by this bill to a home-trade voyage. Now under the definition of a coasting voyage under the old act a ship could go on a coasting voyage down as far as Buenos Aires. But under a home-trade voyage, where does the minister want a ship to go? Not to Buenos Aires, not to Pernambuco, not to British Guiana, not to the British West Indies, not to Bermuda—no. Where? To cape Hatteras. Is that fair? Why this distinction? What does it mean? I call the attention of the Minister of Railways particularly to this matter because the hon. gentleman wants the Canadian merchant marine and the national steamships to make money, and I say to him and to the Minister of Marine and to this committee that this clause, instead of reading the thirty-sixth north latitude, which is cape Hatteras, should read the fifth north, which includes the West Indies and British Guiana. Why does not the minister accept my suggestion? I do not want to talk all the time about this thing, but surely the minister, instead of taking the advice of his officials who stayed awake nights trying to give him advice, should admit the reasonableness of my argument. Let the home-trade voyage go down to British Guiana where the Canadian National steamships go and where the vessels from Nova Scotia go. Why say that they can go only as far as cape Hatteras? Whoever heard tell of a Nova Scotia vessel going to cape Hatteras? She may pass the cape but she does not stop there. However, a vessel may go to British Guiana or to the Barbadoes or to St. Kitts or Bermuda. In order to justify the position taken by some of his officials the minister refuses to accept my

suggestion. I am not talking politics, I am talking business when I say that a ship has a proper right to be considered on a home-trade voyage when she leaves Vancouver to go down the western coast to Panama, then through the canal and up to Halifax. Instead of referring to the Bering strait, which does not mean anything, the minister should use the sailor's term of latitude. I contend that the sixty-fifth degree will meet the objection raised by the hon. member for New Westminster. Under the section as it now is no ship could go into Hudson bay on a home-trade voyage; it would have to be a foreign voyage. Let the minister be fair and decent about this thing. He should not mind his officials. I admit that they have made mistakes, but this parliament is more important than the officials of the Department of Marine. I say to the minister that he should adopt the suggestions which I gave this afternoon. Such a voyage should be permitted to the sixty-fifth parallel of north latitude and down to the fifth. This would mean that a ship could go the Hudson bay and down as far as British Guiana. Such an amendment would be in the interests of the seamen and the shipping of this country.

Mr. STITT (Selkirk): Does the minister intend to amend subsection 38?

Mr. DURANLEAU: The amendment is before the committee.

Mr. NEILL: I should like the minister to tell us what led him to make such a substantial change in the coasting area allowed to this class of certificate. The present limits are forty degress south and it is now proposed to change them to thirty-six degrees north. That makes a difference in the trading area, so to speak, of 4,400 miles. As the minister is aware from the telegram I read this afternoon and from hon. members who have spoken, the men concerned on the Pacific coast ask that this should be made 10 degrees south, or at least far enough south to permit Pacific Canadian coasting ships to use the Panama canal. Can the minister give us any explanation as to why it was thought necessary to treat these men as if incompetent? Is there any objection to changing it to allow them to get through the Panama canal?

Mr. DURANLEAU: This bill does not affect the certificate of a master.

Mr. NEILL: Who does it affect?

Mr. DURANLEAU: Those who have their certificates at the present time are not affected. The reason for the change from forty degrees south latitude to thirty-six degrees north is the hazards of navigation. A ship starting from the St. Lawrence and going down to Buenos Aires, which is only about thirty-six degrees latitude, would have to pass through the deep sea and would encounter hazards of navigation. This is done in order to protect life at sea. Any ship having to go upon the deep sea must be considered as being on a foreign voyage.

Mr. NEILL: If these men are fit to go down to thirty-six degrees north, it seems to me they are equally fit to go a few degrees further south. Do I understand the minister to say that this ruling will not apply to men who have existing tickets as long as they live?

Mr. DURANLEAU: Yes, as long as they live.

Mr. NEILL: Where does the minister find that in the bill?

Mr. DURANLEAU: I think my hon. friend will find that under section 121 existing certificates are protected.

Mr. NEILL: Existing certificates may not be interfered with, but the area in which they can be used is interfered with.

Mr. DURANLEAU: My information is that the area is not affected.

Mr. NEILL: I think the scriptures say: Oh, Lord, we are indeed fearfully and wonderfully made. I do not think we could find a better description for this bill.

Amendment agreed to.

On subsection 89—Sailing ship.

Mr. DURANLEAU: There is an amendment to be made to this subsection. I move to strike out the whole of subsection 89 and insert in lieu thereof the following:

(89) "Sailing ship" (except as may be provided under the load line rules) means a ship propelled wholly by sails and includes a ship not in excess of one hundred and fifty tons gross tonnage, provided with masts, sails and rigging sufficient to allow her to make a voyage under sail alone, and which, in addition, is provided with mechanical means of propulsion other than a steam engine.

Amendment agreed to.

Section as amended agreed to.

On section 167—Agreements with crew of home-trade ships.

Mr. DURANLEAU: I move that the word "superintendent" in the second line of subsection 2 be deleted and the words "shipping master" be inserted in lieu thereof.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. BENNETT moved the adjournment of the house.

Mr. LAPOINTE: It is quite proper that we should adjourn.

Mr. BENNETT: There are outward and visible manifestations of a state of mind in this chamber.

Mr. MACKENZIE KING: It is an outward and visible sign.

An hon. MEMBER: Some victory.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: Some victories may be bought at a high price; remember that.

Motion agreed to and the house adjourned at 10.30 p.m.

Wednesday, June 20, 1934

The house met at three o'clock.

PRIVATE BILLS COMMITTEE

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

CRIMINAL CODE AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No 114, to amend the criminal code.

Motion agreed to and bill read the first time.

DOMINION ELECTIONS ACT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No 115, respecting the election of members of the House of Commons.

Some hon. MEMBERS: Explain.

Some hon. MEMBERS: How about Ontario?

[Mr. Duranleau.]

Mr. GUTHRIE: Mr. Speaker, before attempting to explain the bill I must thank my hon. friends opposite for the kindly greeting they have given me.

Mr. HANBURY: For the last time.

Mr. GUTHRIE: Well, I have no fear on that score. This bill becomes necessary, Mr. Speaker, as a result of the franchise bill which is now before the house. This bill as introduced will repeal the Dominion Elections Act. It removes from it all the clauses which have now been transferred to the Franchise Act and reenacts those clauses in another form according to their numbers. The one is consequential upon the other.

Mr. LAPOINTE: Are there any changes involved?

Mr. GUTHRIE: There are some changes. When the bill is introduced my hon. friend will have a chance to examine it. My idea is to have it printed for distribution at once.

Mr. CASGRAIN: What are the changes?

Mr. GUTHRIE: There are some changes which are absolutely consequential upon the changes in the Franchise Act. The only other change that I need mention is the repeal of the section whereby returning officers were appointed by the chief electoral officer under the present law. The bill proposes to revert to the old system and the returning officers will be appointed by the governor in council.

Mr. LAPOINTE: Political appointments.

Mr. BENNETT: They were last time.

Motion agreed to and bill read the first time, on division.

REPRESENTATION ACT, 1933

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 116, to amend the Representation Act, 1933.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: As hon. members are aware, the Representation Act passed last session does not come into force until the dissolution of parliament. The present bill enables work to be done in connection with the appointment of returning officers prior to the dissolution of parliament. The ridings have been rearranged and many will disappear and if time is to be saved it will be necessary that power be given to take certain steps in advance of dissolution.

Mr. MACKENZIE KING: Do I understand the Minister of Justice (Mr. Guthrie)

to say that the bill which he is now introducing will not come into effect until after the dissolution of parliament?

Mr. GUTHRIE: No. The present Representation Act does not come into effect until dissolution. Constituencies have been changed throughout Canada and some of the old ones will disappear and new ones will come into being. There is only one clause in the bill which I am now introducing and I might as well read it. It reads:

Provided that for the purpose only of authorizing and enbling the appointment pursuant to the Dominion Elections Act, 1934, of returning officers, this act shall be deemed to be now in force.

Mr. MACKENZIE KING: Inasmuch as the Minister of Justice has mentioned dissolution, might I ask the Prime Minister (Mr. Bennett)—

Mr. BENNETT: This is not the time or place for that question; it should be asked on the orders of the day.

Motion agreed to and bill read the first time.

Mr. DENIS (Translation): Mr. Speaker, I wish to inquire of the hon. Minister of Justice (Mr. Guthrie) whether the French copies of these bills are ready for distribution. We have noted recently that the French revision of bills has been delayed, so that we are unable to follow these bills in our own mother tongue.

Mr. SPEAKER: Question No. 1.

Mr. DENIS: I want a reply to my question.

Mr. DUPRE (Translation): Would the hon. member be kind enough to explain so that we may reply immediately?

Mr. POULIOT (Translation): Do you not understand French?

Mr. DENIS (Translation): I understand that the hon. Solicitor General wished to have the questions put in a legal form. Can we not express ourselves in French without having recourse to a legal form, so as to be understood by the hon. Solicitor General?

Mr. MERCIER (St. Henri) (Translation): Mr. Speaker, the hon. member for St. Denis requested—

Mr. SPEAKER: The hon. member can put his question when the orders of the day are called.

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Mr. MERCIER (St. Henri): The hon. member wanted to know if this bill has been printed in French.

Mr. GUTHRIE: It will be printed in due time according to the rules; it is just being introduced.

Mr. SPEAKER: The bill is only introduced to-day.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WHITE BEAR INDIAN RESERVE AGENT

Mr. McKENZIE (Assiniboia):

1. On what date did the agent on the White Bear Indian reserve in Saskatchewan resign his position?
2. Did the department give notice to the farm labourer on the reserve, H. R. Bush, that his services were no longer required after April 1, 1934; if so, why?
3. Has either or both of these positions been filled; if so, why?
4. Is it true that there is only a farm instructor resident on the reserve at the present time, and that an agent living some eighty miles distant is acting as agent on the reserve?
5. Was a report reecived last winter by the Department that some twenty or more families were in dire want and that the acting agent found this condition to exist when he visited the reserve?
6. Did the acting agent at that time authorize flour to be loaned to these families, which was later to be repaid out of the proceeds of the rental from the lake resort on the reserve?
7. Were the Indians also asked to give orders on their treaty money for seed potatoes and food?
8. How much money is to the credit of the Indians on this reserve from the surrender of two reserves in the Moose Mountain area some thirty-two years ago?
9. How much is the yearly rental of the lake resort on the reserve?
10. How is this money distributed?

Mr. MURPHY:

1. December 1, 1933.
2. Yes. It was considered his services were no longer required.
3. No.
4. A farming instructor is resident on the Moose Mountain reserve: the Indian agent lives at Broadview, Sask., a distance of approximately 55 miles from the centre of the reserve.
5. The inspector of Indian agencies reported January 9, 1934, that the Indians of the Moose Mountain reserve were in need of food and that he had purchased 30 sacks of flour for them.

6. At that time the department instructed the inspector to purchase food supplies to the value of $800 if necessary; payment was made as follows: $540 from band funds and $266.87 from parliamentary appropriation.

7. So far as is known the Indians were not asked to give orders on their treaty money for seed potatoes and food.

8. Capital $22,725.41; interest $1,089.09.

9. $800.

10. Credited to band funds.

MINGAN INDIAN AGENT

Mr. CASGRAIN:

1. Who is the present acting Indian agent at Mingan, on the north shore of the St. Lawrence river?
2. Who appointed such acting agent?
3. By whom was he recommended?

Mr. MURPHY:

1. Maxwell George Hamilton.
2. The Civil Service Commission.
3. Answered by No. 2.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MR. J. BTE. PAINCHAUD

Mr. POWER:

1. Was Mr. J. Bte. Painchaud in the employ of the marine department, signal service, Crane island, during the navigation seasons of 1931, 1932, and 1933?
2. Were his services retained for the navigation season of 1934?
3. If not, what were the reasons for his dismissal?
4. Did the said gentleman pass the examinations required by the department?

Mr. CAHAN: Return tabled herewith.

MR. DANCAUSE

Mr. POWER:

1. Was Mr. Dancause in the employ of the marine department, signal service, Crane island, during the navigation seasons of 1931, 1932,and 1933?
2. Was he employed during the navigation season of 1934?
3. If this man was not employed during any of the aforesaid navigation seasons, why was he not employed?
4. Did the said gentleman pass the examinations required by the department?

Mr. CAHAN: Return tabled herewith.

MR. CHARLES N. ROY

Mr. POWER:

1. Was Mr. Charles N. Roy in the employ of the marine department, signal service, Crane island, during the navigation seasons of 1931, 1932, and 1933?
2. Was he employed during the navigation season of 1934?

[Mr. Murphy.]

3. If he was not employed during any of the aforesaid navigation seasons, why was he not employed?
4. Did the said gentleman pass the examinations required by the department?

Mr. CAHAN: Return tabled herewith.

SEIZURES OF LOBSTER GEAR

Mr. MacLEAN:

1. How many seizures of lobster gear were made by patrol boat No. 2 in Malpeque bay and vicinity, during the season of 1933?
2. How many seizures of lobster gear were made at Tignish and Hardy's channel, Prince Edward Island, during the season of 1933?
3. What quantity of traps, rope and gear was seized in each case and how was same disposed of?
4. What amount of money was realized from the sales?

DISSOLUTION OF PARLIAMENT

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, in view of the results of the elections yesterday in Ontario and Saskatchewan and the participation in the campaign of so many hon. members of the government, including the Prime Minister (Mr. Bennett); also in view of the fact that this is the fifth session of this parliament and that the results in federal by-elections during the past few years have been what they were, might I ask the Prime Minister if he does not consider that the time has come when he should announce that at the conclusion of this session there will be an immediate dissolution of parliament?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I have listened to the question of the right hon. leader of the opposition. If a reply were needed, the categorical answer would be no. The government will advise His Excellency as to dissolution when in the opinion of the government dissolution is desirable in the interests of this country.

Mr. MACKENZIE KING: What about the opinion of the people?

PRICE OF COAL

On the orders of the day:

Mr. ARTHUR DENIS (St. Denis) (Translation): Mr. Speaker, the government is surely aware that coal companies have raised the price of coal from $2 to $2.50 per ton, within the last days. Such action on the part of coal companies must be looked upon as a challenge to public opinion and especially to the judgment delivered by the Superior Court of Quebec. I wish to inquire whether

it is the intention of the government to take any steps to prevent these companies exploiting the public and scorning the authorities and laws of this country?

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, I understand the hon. gentleman is referring to the increase in the price of coal in certain sections of the country. As far as my department has anything to do with that, we have made inquiries. There is some reason for the increase in the price of imported coal—that is what he refers to: Welsh coal—because of the difference in exchange this year as compared with last. There is a difference of 75 cents or $1 a ton. But there is no particular duty resting upon the department over which I preside or upon the government as a whole in regard to the matter, apart from the general interest that might be taken in the subject.

FIRST NARROWS BRIDGE

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): Has the Minister of Public Works any further announcement to make with respect to the progress of negotiations affecting the building of the First Narrows bridge at Vancouver?

Hon. H. A. STEWART (Minister of Public Works): I have nothing to say in addition to what has already been stated by myself and the Prime Minister. I understand that further representations are to be made, and those opposed have asked an opportunity to make further representations.

Mr. McINTOSH: So it is not in the public works program.

DREDGING AT TRACADIE

On the orders of the day:

Hon. P. J. VENIOT (Gloucester): Has the Department of Public Works issued an order for the removal of the dredge boat at Tracadie which has been there the last two years?

Hon. H. A. STEWART (Minister of Public Works): I understand my hon. friend from Gloucester is asking whether instructions have been given for its removal. No.

Mr. VENIOT: I have another question to ask. Are repairs being made to the dredge boat at Tracadie at the present time?

Mr. STEWART (Leeds): I am not sure; I will make inquiries and advise my hon. friend.

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WHEAT SALES IN THE ORIENT

On the orders of the day:

Hon. W. R. MOTHERWELL (Melville): On a question of privilege, Mr. Speaker. I regret very much the necessity of once more calling attention to the fact that a certain return I asked for away back in February has not yet been tabled, unless it was done to-day. Possibly, if it has been tabled to-day, the Secretary of State will so inform me and I shall require to say no more.

Mr. CAHAN: What is the return?

Mr. MOTHERWELL: I wish to direct the attention of the house to the fact that apart from some comparatively unimportant communications which were apparently obtained by the Department of External Affairs, the order that was passed by this house has not been complied with, nor has there been any valid or indeed any kind of excuse for non-compliance with this order. I wish to read the order and I shall endeavour not to depart from the strict letter of my duty in speaking to a question of privilege. The order reads:

> Return to an order of the House of Commons, dated 12th February, 1934, showing:
>
> A copy of all correspondence, cables and other documents, exchanged between the Hon. Herbert Marler, Canadian representative in Tokyo, Japan, or the representative of any other country, and any member of the federal government, with respect to the possibility and practicability of disposing of more Canadian farm products, especially wheat and wheat flour, either in Japan or China, during the past three and a half years.

I know, Mr. Speaker, that in this day of stirring events this is a comparatively unimportant return; but that depends, I may say, on what it may contain. I think there is prospect of something very important being in it if I can only get the Minister of Trade and Commerce (Mr. Stevens), in whose possession it is, to table it. I have waited long and patiently, as I think you will agree, for this return. I wonder, Mr. Speaker, whether we can get a little order; I cannot hear myself talking. I know that we will have to forgive them under the circumstances and events of yesterday.

Mr. BENNETT: Hear, hear.

Mr. MOTHERWELL: The days that it should have taken to comply with the order have extended into weeks and the weeks into months—four months and nine or ten days; yet the order has not made its appearance. Since the events of yesterday have passed, it occurred to me that this would be the

psychological time, when the government is in particularly good humour, to come across with this return. I have done nearly everything an hon. member can do. I cannot go across the aisle and commit some act of violence, especially when I know the report is not there or it would have been tabled to-day; and it might not be a safe performance to indulge in anyway. Seriously, I feel that the Minister of Trade and Commerce, according to his own officers, has a report from the Hon. Mr. Marler on the question of selling more wheat to China or Japan, and he simply has not tabled it. He has flouted the command of the house; he has refused to obey, without giving any kind of excuse I have heard yet. I will now give the minister an opportunity of either saying that he will table it or giving a valid reason why he cannot or won't.

Hon. H. H. STEVENS (Minister of Trade and Commerce): The hon. gentleman is not quite fair in his attitude to-day, and on reflection I think he will recognize that he is not. As a matter of fact, everything which it is proper to file has been filed. Certain documents may pass between one department and another or between the minister representing this government in Japan, as in this case, and the Department of External Affairs, which it is not proper or competent for the government to bring down. Such documents as we could bring down we have brought down I went further, in my desire to assist the hon. member, and asked my officers to go over matters with me so that we might try to bring before him anything which it was within our power to bring down. Furthermore, I asked the head of the commercial intelligence branch to look over the files to see whether he could find any interesting or helpful information or documents there, and these are now in process of being prepared, as I am informed by my officers, and will be forwarded to the hon. member. But he had not asked for such documents; that is done purely as an act of courtesy to him. So far as the technical obligations of the government are concerned, they have been fully complied with.

Mr. MOTHERWELL: I do not think I can speak a second time on a question of privilege, can I? All I say is that four months of courtesy is delightful, but four minutes of action would be better.

[Mr. Motherwell.]

SASKATCHEWAN ELECTION

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): As we have the pleasure of seeing the Minister of Agriculture back in the house, perhaps he will satisfy my curiosity if I ask him whether the marketing act was an issue in the campaign in Saskatchewan.

Mr. POULIOT: It was in Ontario.

Hon. ROBERT WEIR (Minister of Agriculture): Hon. members will agree that, in view of the size of the question, it requires no answer—

Mr. POULIOT: There is never an answer.

Mr. WEIR (Melfort): —but I have no hesitation in saying this, that had it been a major issue the results might not have been so satisfactory from his point of view.

PRIVATE BILLS COMMITTEE

Mr. T. H. STINSON (Victoria, Ont.) moved:

That the recommendations contained in the ninth report of the select standing committee on miscellaneous private bills respecting the refund of the private bill fee of $200 in connection with Bill No. 9 be concurred in.

Mr. SPEAKER: By consent of the house.

Motion agreed to.

INCOME WAR TAX ACT AMENDMENT

The house resumed from Friday, June 15, consideration in committee of Bill No. 99, to amend the Income War Tax Act—Mr. Rhodes —Mr. Sullivan in the chair.

On section 14—Non-residents deemed to be carrying on business.

Mr. RALSTON: While the bill is before committee I presume the Prime Minister is in charge of it. I want to point out that the other day clause 8 was passed along with a number of other clauses without any discussion. I wonder whether the Prime Minister could give the committee an explanation if he would permit me to refer to clause 8, subclause 6.

Mr. BENNETT: Let us first dispose of the clause before the committee. This clause stood at the instance of the hon. member for Vancouver-Burrard (Mr. Hanbury).

Some hon. MEMBERS: Carried.

Mr. BENNETT: Had it not stood, the necessity of preparing a large amount of in-

formation which I thought the hon. member wanted with respect to it would have been obviated. I am very glad to dispense with the reading of the information.

Mr. HANBURY: I have in the meantime received some of the information and I am quite satisfied.

Section agreed to.

Mr. RALSTON: Would the Prime Minister kindly allow me to refer to clause 8, subclause 6, and to direct his attention to the particular point I have in mind? This subclause seems to be a provision against non-residents. It has been, I understand, a principle in income tax legislation that non-residents shall not be taxed in view of the fact that our residents do not expect to be taxed in a foreign country. After all, the matter works out pretty fairly. If you tax a non-resident he receives exemption from his tax in his own country, and if a foreign country taxes our residents they get an exemption here, so by and large, the matter works out evenly. But I submit to my right hon. friend that this particular clause invades an entirely new field of taxation, and with all due deference I think there is considerable objection to it. Perhaps the Prime Minister would indicate whether there is some particular case—and by that I mean not a particular individual case but class of cases—which has been dealt with, which justifies a departure from the general rule.

Mr. BENNETT: Perhaps the hon. gentleman is aware quite as well as I am, that there has been a tendency on the part of all countries during recent years to make more drastic provisions in their income tax laws. In Great Britain, the United States and other countries it has been the practice in recent years to secure so far as possible a tax from any corporation or individual making an income in the particular country. It will be remembered that in the United States for a time they required a certificate that all taxes had been paid before a person was allowed to board a ship at New York to go abroad, and similar provisions have been made with respect to receipts for money received by artists and even by prizefighters in cities of the United States. In this country we have been endeavouring slowly to develop our income tax law. For instance, clause 14 that stood goes back as a matter of fact to 1924, it being put upon the statute books then.

Mr. HANBURY: Has that clause ever been operative?

Mr. BENNETT: Yes, perhaps $56,000 were secured under it last year.

With respect to clause 8, subclause 6, although it has been passed, I am making this explanation which is given without my attention being directed to it with care. It will be observed that subclause 6 reads:

> The income for any taxation period of a non-resident beneficiary of any estate or trust shall be deemed to include all income accruing to the credit of the non-resident beneficiary, whether received by him or not during such taxation period, and such non-resident beneficiary shall be liable to taxation in respect of such incomes as in the case of an unmarried person resident in Canada: provided that he shall not be entitled to the exemptions provided by paragraphs (e) and (i) of subsection one of section five of this act. The tax payable hereunder shall be deducted by the trustee from any amount otherwise payable to such beneficiary and remitted to the receiver general of Canada.

The family corporation we have wiped out. The personal corporation still exists; that is, if John Smith desires to incorporate his estate and call it John Smith, Limited, he may do so. He may not disburse all the revenues coming from that estate in any particular year; what he may do is retain the income during the year and reinvest it, but under the law as it now stands he is liable for tax. There was some difficulty about this point but it has been cleared up and the practice now is to tax the income regardless as to whether it has been disbursed. The income tax branch advises the Department of Finance that in this country there are large numbers of trusts created by non-residents, and these trusts have been, shall I say, profitable inasmuch as they have substantial incomes which in some instances are not disbursed and are reinvested for those who own the fund, that is, those who created the trust. This proposes that the income thus derived from the operations of a trust in Canada shall pay tax in the same way as a personal corporation would do. I am not unaware of the fact that this matter has been discussed on previous occasions—and I am now speaking, as I say, without having carefully gone into it—and the suggestion has been made that the effect of taxing the income of such trusts would be to militate against money coming into this country for investment. But any tax thus paid by a beneficiary under the trust would in most cases be free from taxation at least in the country in which the creator, or the settler, if you will, resides. Either in Great Britain or the United States that would be a taxable deduction from his income for the current year; that is, assuming that the income of the trust in this country was sufficient to create a tax of $500, he would be entitled in Great Britain or the United

States, on production of evidence that that tax was paid here, to set that up as a deduction against his income tax. In Great Britain they tax such trust incomes in the manner I have just indicated. I know the income tax branch have given a great deal of attention to this matter and they have concluded there is no reason why a trust set up by non-residents and producing substantial income should be treated differently from a personal corporation established in this country by one of our own citizens in his lifetime. The enforcement of this provision with respect to trusts has been limited to those originated, shall I say, by persons who resided in countries where a deduction is allowed from the income tax payable by them of the amount paid on the income from the trust here. I think that is as clear a statement as I can make from my understanding of the provision.

Mr. RALSTON: I did not catch the numbers the Prime Minister gave last night as to the bills that were coming up for discussion to-day, and although I made inquiries I did not know this one was coming up. I wonder whether the Prime Minister would allow the bill to stand in committee.

Mr. BENNETT: Well, I had intended to move the bill forward to-day. Frankly, I do not think the government is prepared to abandon the provision.

Mr. RALSTON: I am not talking about abandoning it. I want to mention just one matter.

Mr. BENNETT: This clause has been passed.

Mr. RALSTON: In committee.

Mr. BENNETT: The bill stood for one purpose only, that is in regard to clause 14, and the hon. gentleman who asked that that clause stand now says that he is satisfied about it because it was put into the statutes of 1924. But I always like to accommodate hon. gentlemen opposite. The bill has to go to the Senate, but if he desires it to stand I will not press it to-day.

Mr. RALSTON: I telephoned this afternoon to the commissioner of taxation and I found he was at the house. The point I have in mind is, the Prime Minister's explanation indicated that the bill is directed towards the income of Canadian trusts.

Mr. BENNETT: Of trusts established in Canada.

[Mr. Bennett.]

Mr. RALSTON: I point out that the bill does not seem to provide for that. I wanted to look at the bill and see if that amendment should not be made, if the government has decided upon the policy of taxing non-residents, as to the advisability of which I have some doubts. I think the bill should, as the Prime Minister's explanation indicates, be confined to estates or trusts established in Canada. Perhaps the Prime Minister would allow it to stand for an hour or two—

Mr. BENNETT: But I desire to point out that our taxing arm does not reach to other than Canadian trusts.

Mr. RALSTON: I think the Prime Minister forgets that we have lengthened our taxing arm by directing that taxes shall be deducted at the source. Therefore you may have a trust established in Great Britain or France or somewhere with regard to Canadian securities, and your taxing arm will reach there because you deduct the tax where the bond interest or the dividend is paid.

Mr. BENNETT: But not the source in the sense in which the hon. gentleman used the word a moment ago. Our taxing arm cannot compel any corporation in Great Britain or France to do anything. What we can tax is the income here from the Canadian investment. But our taxing arm does not touch the corporation in Great Britain or France, but only the income in this country.

I desire further to point out that subsection 6 does not tax non-residents. Let us get that out of our head. What we are taxing is the income in this country that may belong to people not in this country. That is an altogether different thing. What we are taxing is income, not individuals.

Mr. RALSTON: I do not see that distinction.

Mr. BENNETT: Well I think most people will agree that there is a very clear distinction between saying that you are taxing an income accruing outside of the country and taxing an income in this country that belongs to a person not residing in it. Surely if the money is earned in this country it is not unfair to do what they do in Great Britain and France, namely tax it here, although the person in receipt of it may be in China or India. In the United States very large sums are being collected on just such trusts set up there. I suppose it is known to the hon. gentleman from his reading that very large sums of money have been invested in the United States in that form by those who reside in many countries of Europe. In that

country they have stretched out their arm not against the individual but against the money. It is not a non-resident tax, it is a tax against money made under the protection of the institutions of the country. The contribution that is made by those who have thus obtained the income comes out of the money so secured. I know the argument against it, that it discourages the coming in of funds from abroad; that the trusts will no longer continue. That has always been the argument. I find that in other countries where that argument has been disregarded there has been no such result. People continue to invest where they think it safe and where they can secure under reasonably sound conditions the largest income. Out of that income we take something because the protection of our laws and the institutions of our country have enabled the profit to be obtained.

However I move that the committee rise and ask leave to sit again this day in order to meet the hon. gentleman's view, although as a matter of fact I have not moved that we reconsider the section. But we can carry on the discussion without doing that.

Progress reported.

CANADIAN AND BRITISH INSURANCE COMPANIES

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 72, to amend the Canadian and British Insurance Companies Act, 1932.

He said: It is proposed to amend this legislation in very important particulars. The bill has passed the Senate and comes to us from that chamber. As it stands it is intended to secure to life insurance companies carrying on business in Canada the right to obtain a licence from the insurance department of this country. Companies other than life insurance companies of course are also involved. I need hardly point out to this house what is very well known, that the last judgment of the privy council made it clear beyond peradventure that the business of insurance is within the exclusive jurisdiction of the provinces. Nevertheless there are certain features of insurance business, life insurance business in particular, that require to be considered from the standpoint of insolvency, from the standpoint of interest and other standpoints that fall solely within the jurisdiction of this parliament. Eminent counsel have been engaged from time to time by those who are greatly concerned, because I need hardly point out to this house how anxious companies carrying on life insurance business are to have a licence from the Dominion of Canada, especially when carrying on business in foreign jurisdictions; they have found it valuable to have the actuarial experience of this dominion under the direction of the superintendent of insurance—

If hon. gentlemen in the rear will be good enough to go into the lobbies to talk there rather than here, I suggest it would be better.

The effect of securing the licence, of course, is to indicate that the actuarial department under the direction of the superintendent of insurance have satisfied themselves of the solvency of the company securing the licence. The benefits that have accrued to Canadian companies doing business abroad by having that licence have been very great. I think I indicated in this house on one occasion that a Canadian company has at risk in the United States of America over a billion dollars of insurance in all forms, and many millions are at risk in other countries, as well as in Canada. So this bill was prepared on the assumption that this comes within the legislative competence of parliament.

There are certain sections to which attention was specifically directed the other day, that is it is proposed to withdraw certain insurance companies or organizations or associations from the operation of the bill.

Mr. MACKENZIE (Vancouver): Lloyds?

Mr. BENNETT: Yes. So that the principle of the bill may be explained in a single sentence, as being that jurisdiction should be established for the parliament of Canada, if possible, in the manner indicated, for companies that desire to secure licences under our act to enable them to have the benefit of such expression of approval in the carrying on of their business in other countries.

Mr. MACKENZIE (Vancouver): I want to congratulate the government on withdrawing from this bill the clause affecting Lloyds. I may say that I read with great interest the debate that occurred on this subject in another place and I was not impressed by the learned legal argument of the leader of the Senate in regard to the question of bankruptcy and insolvency as affecting Lloyds. His argument was that the privy council would be influenced on this question because the suggestion of bankruptcy or insolvency could not be thought of in connection with such a wonderful company as Lloyds. I think the opinion of any member of this house would be that Lloyds or any company doing business in this country should have the same and no better treatment than our own Canadian companies. I

am sure that the Prime Minister is aware of the history concerning the legislative jurisdiction of the dominion parliament in regard to the question of insurance. First the appeal of 1916 by the province of Alberta, then the appeal of 1924 when the dominion endeavoured to solve these matters under the guise of criminal jurisdiction. Again there was the question of taxation in 1931. Now they are proceeding under the inherent jurisdiction of this parliament as to bankruptcy and insolvency, and so far as I am concerned I have no objection whatever to the general provisions of this measure. If the objectionable clause had not been withdrawn, however, I would have had very serious and sustained objection.

Hon. J. L. RALSTON (Shelburne-Yarmouth): All I want to say, Mr. Speaker, is that I think the government have been wise in coming to this decision. Further I think they have shortened the session considerably, because I am sure we would have heard a number of lengthy, earnest speeches as to this clause, which was very objectionable to all parts of Canada.

Mr. BENNETT: I desire to correct just one statement; I shall do so more fully when the bill is in committee, but I think it desirable to mention the matter now. Lloyds were not the applicants in the first instance in regard to this matter. I think in fairness to that great organization I should state that they were not seeking these benefits. However, they said that under their charter and the relevant legislation they could not put up a deposit; I understand that in one state of the American union some of their insured made the deposit for them. I mention this in order that there may be no animadversions cast against that organization under the circumstances to which I shall refer presently.

Mr. JACOBS: May I ask if this was a government measure?

Mr. BENNETT: It was explained by the leader of the government in the Senate, who introduced it, that it was introduced for reasons that were obvious, and it was left to the free action of the Senate to determine what should be done.

Mr. JACOBS: I see that the minds of the members of the government were not at one on this measure.

Mr. BENNETT: Yes, they were.

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

[Mr. I. Mackenzie.]

On section 1.

Mr. BENNETT: This section deals with the preamble of another statute, and I think it might very well stand for the moment. I propose to substitute a preamble that will read as follows:

> Whereas it is desirable to provide for the registration of such companies and of British insurance companies which may desire to carry on the business of insurance in Canada, and for the voluntary registration of provincial companies; and

That is a frank recognition, as will be observed, of the provincial jurisdiction.

> Whereas it is contrary to the public interest that insurance companies which are unable to discharge their liabilities to policyholders in Canada as they become due, or are otherwise insolvent, should be permitted to carry on the business of insurance in Canada; and

That is in order to make it perfectly clear that there is no desire to trench upon the exclusive jurisdiction of the provinces but to remain within the jurisdiction of the dominion with respect to insolvency and bankruptcy. I may point out that recently, when a foreign company registered here went into a receivership in the United States and did not pay its policyholders promptly, but paid them in instalments, solely by reason of the deposit here we were able to have those claims in Canada adjusted without delay, in view of the judgment of the courts that the deposits in Canada might be available for Canadian losses. Then there is the further declaration:

> Whereas it is desirable to provide by a system of returns and inspection against such companies engaging in, or continuing to carry on, business in Canada while unable to discharge their liabilities to such policyholders as they become due or while otherwise insolvent, and to declare the conditions upon which such companies shall be deemed to be insolvent and be subject to be wound up under the provisions of the Winding-up Act;

I think hon. members of the house who are also members of the legal profession will realize that once we found jurisdiction upon insolvency it follows that returns should be made to provide for continuing solvency in order that claims might be met as they come due. I will not ask the house to pass this preamble until we finish the bill; then we may come back to it. Or I will make the motion for the amendment of section 1 now if it is thought desirable. That seems to be the general consensus of opinion, so I would move that paragraph 2, 6 and 7 of the preamble to the Canadian and British Insurance Companies Act, 1932, chapter 46 of the statutes of Can-

ada, 1932, be repealed and the following substituted therefor:

1. Paragraphs two, six and seven of the preamble to the Canadian and British Insurance Companies Act, 1932, chapter forty-six of the statutes of Canada, 1932, are repealed and the following substituted therefor:

Whereas it is desirable to provide for the registration of such companies and of British insurance companies which may desire to carry on the business of insurance in Canada, and for the voluntary registration of provincial companies; and

Whereas it is contrary to the public interest that insurance companies which are unable to discharge their liabilities to policyholders in Canada as they become due, or are otherwise insolvent, should be permitted to carry on the business of insurance in Canada; and

Whereas it is desirable to provide by a system of returns and inspection against such companies engaging in, or continuing to carry on, business in Canada while unable to discharge their liabilities to such policyholders as they become due or while otherwise insolvent, and to declare the conditions upon which such companies shall be deemed to be insolvent and be subject to be wound up under the provisions of the Winding-up Act;

Amendment agreed to.

Section as amended agreed to.

On section 2—"Association."

Mr. BENNETT: Now, in order to meet the difficulty, section 2 will have to be amended. It is proposed that section 2 as it now stands be struck out, and the following substituted therefor:

2. Section two of the said act is amended as follows:

(1) By striking out paragraphs (b) and (c) thereof and substituting therefor the following:

(b) "British company" means any corporation incorporated under the laws of the United Kingdom of Great Britain and Northern Ireland or any British dominion or possession other than Canada or a province of Canada for the purpose of carrying on the business of insurance.

(2) By relettering paragraphs (d) to (p) thereof (c) to (o) respectively.

That makes it perfectly clear that provincial companies are not affected.

Amendment agreed to.

Section as amended agreed to.

Sections 3 to 35 inclusive agreed to.

On section 36—Documents required to be filed.

Mr. BENNETT: With respect to this section it will be observed that certain documents are required from companies other than Lloyds. I think I should avail myself of this opportunity to indicate what I cannot too strongly urge, that there is no reflection in any sense upon the great association known as Lloyds by reason of this action being taken.

Mr. MACKENZIE (Vancouver): There was none intended from this side.

Mr. BENNETT: Those who are interested in the history of Lloyds and who desire to be fully informed may consult the articles in the Encyclopaedia Britannica, where they will find a very full history of its operations. The magnitude of its operations now is almost beyond our comprehension. In every part of the world they transact business. They have had risks in Canada for many, many years, and they have very large risks in this country at the present time, and in fact are authorized in the province of Quebec to carry on business. Provisions have been specifically made, and if the committee so desire I might indicate what they are, with respect to this company carrying on business in various parts of Canada. The organization of the company is such that they are not in a position to withdraw from their funds the deposit that is required by our law without amending their own legislation, and they have indicated that as they have grown up more or less under the aegis of the board of trade in England they do not desire to take that course. During the war their risks were enormous and in every part of the world.

I make this statement in order that there might be no misapprehension or doubt on the part of anyone in this parliament or in Canada as to the solvency of the company or as to its ability to discharge its obligations. Lloyds is an accepted and recognized authority in matters maritime in almost every part of the world. Lloyds register indeed is the last word to which those who seek information in respect to maritime matters refer. Their captains' room in London is resorted to by men from every part of the world, and their means of information with respect to the whereabouts of every ship on the registers of the various countries of the world is really most remarkable. If any hon. members of this house happen to look up the shipping columns of the morning papers in London and notice the whereabouts of different ships in all parts of the world, they will find that if there is a casualty even to a very small ship it is always recorded there. I mention that matter in passing in order that there might be no misapprehension.

I move, Mr. Chairman, that section 36 be amended as follows:

(1) By striking out the words "other than a member of Lloyds" in the first and second lines of new section one hundred and eighteen.

(2) By striking out sub-paragraph (i) of paragraph (a) of said new section one hundred and eighteen and substituting therefor the following:

(i) A copy of the charter, act of incorporation or articles of association of the British company, certified by the proper officer in charge of the original thereof.

(3) By striking out new sections one hundred and nineteen and one hundred and twenty.

(4) By renumbering new section one hundred and twenty-one one hundred and nineteen.

Mr. MACKENZIE (Vancouver): May I assure the Prime Minister that any remarks directed from this side of the house were not intended in any way as an attack on this unique and illustrious organization known as Lloyds; indeed, very much to the contrary. Our objections were based on the fact that we do not desire special privileges to be given to any organization, no matter what, in this country.

Mr. LAPOINTE: I desire to endorse what the Prime Minister has said with regard to Lloyds. If I am not mistaken, all their funds are already pledged for the security of those who have insurance in that organization to meet claims from all over the world, and that is one of the reasons why it cannot divert any of its funds for deposit in other countries. There is no doubt in the world that any insurance at Lloyds is a safer investment than any other thing.

Mr. EULER: Mr. Chairman, nothing is to be gained by prolonging the debate on this bill since the Prime Minister has announced that he is withdrawing from the bill the clause which was so objectionable to a good many Canadians, and to insurance companies in particular. I had a very strong objection to it for the reasons already given, that it constituted discrimination against Canadian companies, and secondly I thought that perhaps after all it was unfair to exempt Lloyds from having a deposit in Canada. If any action had to be brought for the collection of any sum the case might have had to go to the courts in England. Further, I think I am correct in saying that although the clause is being modified it does not preclude Lloyds from doing business in Canada.

Mr. BENNETT: They are doing business here now.

[Mr. Bennett.]

Mr. EULER: And they can continue to do business here. I am quite in accord with those who have commended the government for the action they have taken in striking out the clause.

Mr. GEARY: A great many people throughout Ontario, insurance companies and others, were interested in this matter and they urged the objection to the bill which has led to the clause in question being dropped. Very many of us on this side of the house are thoroughly in accord with the change that has been made and were desirous of seeing it made, and we made such representations as we were able to in order to bring this change about.

Amendment agreed to.

Section as amended agreed to.

On section 37—Name of company.

Mr. BENNETT: I move, Mr. Chairman, that section 37 be amended by substituting for the figures "122" in the third line thereof the figures "120."

Amendment agreed to.

Section as amended agreed to.

On section 38.

Mr. BENNETT: I move, Mr. Chairman, that section 38 be struck out and the following substituted therefor:

38. Section one hundred and twenty-four of the said act is amended by striking out the proviso to subsection one thereof and by renumbering the said section one hundred and twenty-one.

On section 39,—Assets to be maintained in Canada by other companies.

Mr. BENNETT: This section has to be amended, Mr. Chairman. If hon. gentlemen will follow me it will expedite matters. I move that section 39 be struck out and the following substituted therefor:

39. Section one hundred and twenty-five of the said act is renumbered one hundred and twenty-two; and section one hundred and twenty-six of the said act is repealed and the following substituted therefor:—

123. Every British company registered under this act to transact any class of insurance business, other than life insurance, shall at all times maintain assets in Canada in respect of any such class of business of an amount at least equal to the liabilities of the company in Canada including the liabilities of the company in respect of its outstanding unmatured policies in Canada computed in accordance with the provisions of section one hundred and thirty-seven of this act;

Provided, however, that the assets in Canada of a British company which is a purely mutual

fire insurance company shall continue to form part of the general assets of such company, available pari passu to all its policyholders in or out of Canada in the same manner as its other funds; but no such company shall, except with the consent of the treasury board, and upon such terms and conditions as the treasury board may determine, reduce the amount of its assets in Canada below the amount otherwise required by this act to be maintained in Canada.

(2) The proviso to subsection one of this section shall not apply to any such company which files with the minister in a form approved by him, a declaration that the assets in Canada of such company are held for the protection of the policyholders in Canada, exclusively, of such company.

That is a mere statement of the law in the first part; that is, that the assets in Canada are available for Canadian policyholders; but with respect to mutual companies, obviously the very nature of the class of business carried on involves the principle that all the assets are available for all the policy liabilities; and thirdly, there is no necessity to file a specific form of return if they file a declaration and show in their declaration that all the assets in Canada are available solely for Canadian business.

Amendment agreed to.

Section as amended agreed to.

On section 40.

Mr. BENNETT: There is an amendment, Mr. Chairman, to this section, to strike out the figures "126" and substitute "124." That is in accordance with the renumbering that I have just indicated.

Amendment agreed to.

Section as amended agreed to.

On section 41—Annual statements.

Mr. BENNETT: The figure "127" will be changed to "125."

Amendment agreed to.

Section as amended agreed to.

On section 42.

Mr. BENNETT: I have an amendment to move to this section as follows:

That section 42 of Bill No. 72 be struck out and the following substituted therefor:—

"42. Section one hundred and twenty-nine of the said act is amended by striking out the proviso to subsection 2 thereof and by renumbering the said section one hundred and twenty-six; and sections one hundred and thirty, one hundred and thirty-one and one hundred and thirty-two of the said act are renumbered one hundred and twenty-seven, one hundred and twenty-eight and one hundred and twenty-nine respectively."

Amendment agreed to.

Section as amended agreed to.

On section 43—Examination at head office of British company.

Mr. BENNETT: There will be an amendment to change the figure "132" to "130."

Amendment agreed to.

Section as amended agreed to.

On section 44.

Mr. BENNETT: I move an amendment to substitute the words "one hundred and thirty-one" for the words "one hundred and thirty-three."

Amendment agreed to.

Section as amended agreed to.

On section 45.

Mr. BENNETT: The amendment will be to change "one hundred and thirty-four" to "one hundred and thirty-two."

Amendment agreed to.

Section as amended agreed to.

On section 46.

Mr. BENNETT: The amendment will be to change the figure "135" to "133."

Amendment agreed to.

Section as amended agreed to.

On section 47—Application of sections in part III to British companies.

Mr. BENNETT: The amendment here is to change the figure "136" to "134" and the words "one hundred and twenty-five" will be substituted for the words "one hundred and twenty-seven."

Amendment agreed to.

Section as amended agreed to.

On section 48—Special application of sections of this part.

Mr. BENNETT: The amendment will be to substitute the figure "135" for the figure "137" and to substitute the words "one hundred and thirty-six" to "one hundred and thirty-eight" for the words "one hundred and thirty-eight to one hundred and forty."

Amendment agreed to.

Section as amended agreed to.

On section 49.

Mr. BENNETT: There is a similar change in the numbering.

Amendment agreed to.

Section as amended agreed to.

On section 50.

Mr. BENNETT: The amendment here is to change the words "one hundred and forty" to "one hundred and thirty-eight" and the words "one hundred and twenty-five" to "one hundred and twenty-three."

Amendment agreed to.

Section as amended agreed to.

On section 51—Title insurance.

Mr. BENNETT: There are similar changes in the numbering.

Amendment agreed to.

Section as amended agreed to.

On section 52—Application of sections in Part III to a British company other than a member of Lloyd's.

Mr. BENNETT: There is some little change necessary here because Lloyd's appears. The amendment reads:

Section 52 of Bill 72 shall be struck out and the following substituted therefor:—

Section one hundred and forty-three of the said act is repealed and the following substituted therefor:—

140. The provisions of sections one hundred and five, one hundred and six, one hundred and seven and one hundred and ten of this act shall apply, mutatis mutandis, to every British company registered under this act to the same extent as such provisions are applicable to a company registered to transact the same class or classes of insurance business under Part III of this act.

Amendment agreed to.

Section as amended agreed to.

On section 53—Withdrawal of certificate for non-compliance.

Mr. BENNETT: Under the amendment this section will read:

If any British company registered under this act fails to deposit in the department annual statements pursuant to the provisions of sections one hundred and twenty-five and one hundred and twenty-six of this act, or declines to permit the examination authorized by section one hundred and twenty-seven or by section one hundred and thirty of this act, or refuses to give any information desired for such purpose in its possession or control, its certificate of registree may be withdrawn by the minister.

These are the same terms that apply with respect to the other companies.

Amendment agreed to.

Section as amended agreed to.

Section 54—Penalty for transacting insurance without registration.

[Mr. Bennett.]

Mr. BENNETT: The figure "144" will be changed to "142" and the words "one hundred and forty-four" will be sustituted for the words "one hundred and forty-six."

Amendment agreed to.

Section as amended agreed to.

On section 55—Other penalty provisions applicable.

Mr. BENNETT: There is a slight change here to substitute the figure "143" for "145."

Amendment agreed to.

Section as amended agreed to.

On section 56.

Mr. BENNETT: This section will have to be amended by changing the words "one hundred and forty-six" to "one hundred and forty-four."

Amendment agreed to.

Section as amended agreed to.

On section 57.

Mr. BENNETT: This section will also have to be renumbered.

Amendment agreed to.

Section as amended agreed to.

On section 58—Name of company.

Mr. BENNETT: The amendment here will provide for renumbering.

Amendment agreed to.

Section as amended agreed to.

On section 59.

Mr. BENNETT: This section will have to be renumbered.

Amendment agreed to.

Section as amended agreed to.

On section 60—Application of provisions of act.

Mr. BENNETT: The figure "152" will be changed to "150."

Amendment agreed to.

Section as amended agreed to.

On section 61.

Mr. BENNETT: This section will also be renumbered.

Amendment agreed to.

Section as amended agreed to.

On section 62.

Mr. BENNETT: This will also have to be renumbered.

Amendment agreed to.

Section as amended agreed to.

Section 63 agreed to.

Bill reported.

Mr. BENNETT: As it will be necessary for this bill to go back to the Senate to be reconsidered third reading might be given at this time with the consent of the house, and I so move.

Motion agreed to, and bill read the third time and passed.

SUPPLY BILL

Right Hon. R. B. BENNETT (Prime Minister, for the Minister of Finance) moved the second reading of Bill No. 109, for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1935.

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

Section 1 agreed to.

On section 2—$128,617,254.36 granted for 1934-35.

Mr. LAPOINTE: I was not here when the supplementary estimates were passed the other day. There was an item in connection with the disarmament conference, and I should like to know from the Prime Minister whether Canada has representation at the present time at the conference or on the committees which sit in connection with the disarmament conference; also who this representative is or these representatives are.

Mr. BENNETT: The hon. gentleman is probably aware of the fact that since the formal adjournment of the committee on disarmament no action has been taken other than the endeavour by the great powers, if I might use that word in the broad sense, to secure some form of agreement with respect to disarmament. The hon. gentleman, who follows these matters with great care, will remember the proposals put forward by various countries and finally the effort made by the British government to secure some form of acquiescence on the part of all—or agreement, which is the word I should use—and that the Lord Privy Seal visited various capitals looking towards that end. The result has not been very satisfactory. The speech made a few days ago by the foreign secretary of the United Kingdom indicated the great differences of opinion that prevail among the great powers with respect to this matter. The effort that is now being made to secure, through membership in the League of Nations of all the powers, the opportunity to enable one body to deal with the subject is still going forward. The hon. gentleman is perhaps more familiar with what has been done in that regard than I am. Our position is being constantly watched, and that position is communicated to us by dispatches which come in from the foreign office. We are kept advised of what is going on from that source, and our permanent representative at Geneva, Doctor Riddell, is constantly informed as to what is transpiring there; and when occasion necessitates we have representation from the Paris office of the dominion to proceed to Geneva for the purpose of discussion. But until matters reach what I might very properly describe as a somewhat nearer approach to unity on the great principles that have to be considered, I should think it is not at all probable that we shall endeavour to make representations other than in the manner I have indicated. We are willing to make, and are desirious of making, any contribution we can; but the contribution that we can make, in the very nature of things, is very limited until the moment comes when by agreement between the great powers we are able at least to throw the weight of our vote and influence towards the acceptance of a plan of disarmament that will bring about the result aimed at. And that, as I say, is not at the moment as promising as one would like. I do not think I can usefully say more than that.

Mr. JACOBS: What has Canada got to disarm? We have nothing to disarm in this country. The fact that we talk about disarmament implies armament.

Mr. LAPOINTE: It should not be necessary for us to go to Europe for the purpose of bringing about disarmament, but we want to cooperate and try to get other nations to disarm.

Mr. BENNETT: I think the hon. member for Cartier (Mr. Jacobs) will agree that while a country may not find itself so situated as to have to disarm, because it is in the happy position of having nothing to disarm, its moral influence and the weight of its example, especially having regard to its geographical position, is a matter of great importance. While it is true that we are but

ten and a half millions, and while it is true that we have no armament to destroy or to scrap, nevertheless we have, as a member of the league, a voice and a vote; and to the extent that they may be available for the purpose of promoting the cause of peace, I regard them as being of importance at this particular time. It is not necessary of course, as the former Minister of Justice (Mr. Lapointe) says, to send a delegation or to maintain them in Europe for that purpose; but at any moment when voice and vote become important we have the facilities through our Paris office of exercising such influence as can be brought to bear by both our vote and our voice.

Mr. LAPOINTE: Do I understand then that the amount which is being voted in connection with the disarmament conference is to be used in case the government finds it necessary to send somebody in addition to Doctor Riddell to take part in the proceedings?

Mr. BENNETT: The hon. gentleman is quite right in that assumption. If, for instance, a situation should develop in which those charged with larger responsibilities than we have think it desirable that there should be a general meeting, and we should have to send someone from this country, the vote is to be available for that purpose; and in addition to that it is only fair to say that we cannot charge against the Paris office the expense of going to Geneva out of their meagre surplus, and a proper charge against that $5,000 would be expenses incurred for that purpose.

Mr. JACOBS: What does it cost this country to be a member of the League of Nations? I do not know whether the Prime Minister has the figures before him, but it would be interesting to know.

Mr. BENNETT: The hon. gentleman will remember that a return was filed in answer to a question, and on the records of Hansard there is a full statement of what this cost has been during the years we have been a member. I will not endeavour to charge my memory with any statement because it might not be quite accurate, but the hon. gentleman will find it in Hansard. This I will say, however. I should think that our annual expenditure for the League of Nations and everything connected with it might amount to perhaps what we spent in eight or ten hours during the war—something of that sort.

[Mr. Bennett.]

Mr. JACOBS: It is not for the purpose of comparison that I wish to know; but generally speaking I understand it is $300,000 or $400,000 a year. I am not criticizing the figure nor the action of our government in being a member of the League of Nations.

Mr. BENNETT: It is set out in detail in Hansard, from the inception. Between four and five weeks ago I filed the statement.

Mr. CASGRAIN: It is an insurance premium against war.

Section agreed to.

Sections 3 to 6 inclusive agreed to.

On schedule A.

Mr. DENIS (Translation): Mr. Chairman, may I request the government to specify in the contracts which will be awarded for the erection of public buildings, that all stone cutting, instead of being done by machines, which replace 25 men at a very heavy cost, should be done by stone cutters who are unemployed, at present. I think that the buildings themselves would be better finished because experience has taught us that the quality of stone cut by workers is much superior to that of machines. Machine work will not allow distinguishing the rock that has been damaged in the quarries by explosives and, after a number of years, because of humidity, rain and climatic changes, one may notice, that the stones are cracked at certain places, which naturally endangers the safety of the building itself. I would request the government in order to find work for those who are out of jobs to employ stone cutters and not machinery to shape or transform the stones.

Mr. BENNETT: I assume that what the hon. gentleman desires to deal with may more properly be considered when the public works bill is before the house for consideration. In the meantime the difficulties are quite manifest to anyone who gives the matter thought. When tenders are called for public works or undertakings and it is stipulated that they shall be done by hand, you have an added cost that sometimes increases it to such an extent as to make it impossible to do the work within the appropriation. In other cases the complaint is that not only has it added cost to the undertaking, but it renders it impossible to make any reasonable estimate hav-

ing regard to the differences that are manifest in the work that may be done by individuals from time to time. I can only say this, that part of the work to which reference has been made was done under agreement between the city, the province and the dominion, under which agreement the dominion made certain contributions to the entire cost of the work which was carried on by the city at the Lachine canal, as the hon. gentleman knows, and which I believe was not stone but concrete. The contribution was made by the dominion, the amount being covered in an estimate which we passed the other evening. When the public works bill is under consideration the representations of the hon. gentleman can be renewed and borne in mind by the Minister of Public Works when he considers the matter.

Mr. COOTE: I wonder whether under schedule A I might ask the Prime Minister with reference to the Canada Year Book which I am told is not to be published this year. As I was not in the chamber when the estimates of the bureau of statistics were being considered, I wonder whether the right hon. gentleman could say whether that is the case.

Mr. BENNETT: I am bound to say that I had not heard and I would be very loath to believe it is not to be published. I say frankly I had not even heard that suggested. I shall make inquiries and let the hon. gentleman know. The minister is sitting in a committee or I would ascertain at this moment.

Mr. COOTE: I did not know whether I would have another opportunity to ask the question.

Mr. BENNETT: Quite so.

Mr. BOUCHARD: Am I in order in asking the Prime Minister this question: When an order is given to a manufacturer of cloth, would it be possible to induce him to use more Canadian wool in orders for cloth when contracts are awarded by the government?

Mr. BENNETT: The hon. member for Kamouraska may be amazed to know a few days ago I was discussing with representatives of the woollen industry the possibility of the utilization of our wool, and I was surprised to learn the extent to which it has been and is being used at the present time in local mills throughout the country. But it would be very difficult in contracts to do more than suggest that the wool be of Canadian manufacture. I do not know how we could very well go beyond that, because the cloth that is standardized for some requirements of the public service is standardized on the basis of there being utilized with Canadian wool, wool that is imported sometimes from Australia, sometimes from Australia by way of England and sometimes from New Zealand, as the hon. gentleman knows.

Schedule agreed to.

Schedule B and C agreed to.

Bill reported, read the third time and passed.

INCOME WAR TAX ACT

Right Hon. R. B. BENNETT (Prime Minister): Since the hon. member for Shelburne-Yarmouth (Mr. Ralston) mentioned the matter he did this afternoon with respect to clause 8 of Bill 99, a slip has been placed in my hands stating that a delegation is arriving here to-morrow morning and desires to make representations with reference to the Income War Tax Act. I will therefore let the matter stand until to-morrow, although the clause has been passed, if that meets with the convenience of the hon. gentleman. A telegram to the same effect has just been received, so I take it that we can let the matter stand.

Hon. J. L. RALSTON (Shelburne-Yarmouth): I was just telephoning the commissioner and suggesting a possible amendment he might submit to the Prime Minister. I did not know anything about the delegation. I am only too glad if the bill is allowed to stand.

FINANCE ACT

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 111, to repeal the Finance Act.

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

On section 1—Finance Act repealed.

Mr. COOTE: I would just like to suggest to the Prime Minister that although we have not had very much time to consider this bill, perhaps it might be a good idea to leave the Finance Act on the statute book. We are going to set up a privately owned Bank of Canada, which is to have the sole right of note issue. If there should ever be a conflict of opinion between the government and that bank as to whether there were enough currency issued and available in Canada the

government of the day might be very glad to have the Finance Act on the statute book. I do not see what harm it would do. I make that suggestion.

Mr. BENNETT: I do not think the hon. gentleman is serious in making that suggestion. If that act were to remain and the Bank of Canada Act were to come into force it would mean absolute chaos. The hon. gentleman always refers to the Bank of Canada as a privately owned bank. That matter, I believe, is to be discussed in the committee later.

Mr. CASGRAIN: That is why they want it.

Mr. BENNETT: Yes, I am just coming to that. The profits that are earned by the Bank of Canada are for the people of Canada, with the exception of four and a half per cent interest on the capital, which it would probably cost even if the money were borrowed. As to maintaining the Finance Act and the Bank of Canada Act in force at the same time, it would create financial chaos; it would be destructive of the whole system as we maintain it, and public confidence would disappear.

Mr. RALSTON: Does the Prime Minister anticipate that there will be any hiatus between the coming into force of the Bank of Canada Act and the repeal of the Finance Act? I was going to ask whether the action on each could not be concurrent, one to come into force when the other is repealed.

Mr. BENNETT: The hon. gentleman has asked a question which I asked myself when this statute was being prepared. The banks have loans under the Finance Act. Matters will have to be cleaned up, so to speak, and under the act as it now stands it is contemplated that for certain obligations the central bank shall receive certain forms of securities from the dominion.

Mr. RALSTON: There will perhaps be some overlapping?

Mr. BENNETT: This seems to be the safer method to pursue in view of the possibilities of overlapping in the operation of the act. As a matter of fact the course suggested was that which was originally being pursued, but on looking into the matter I thought this the safer method, to set up the institution so that it may function successfully, and repeal this act whenever the overlapping, if there be any, has been ended; or it may be that it can be arranged to have it done at the same time.

[Mr. Coote.]

Mr. COOTE: Even if the Finance Act is not repealed, as long as the central bank is carrying on I anticipate no attempt would be made to use the Finance Act. I simply suggest it might be left so that it could be used at any time if the government so desired.

Mr. BENNETT: I do not want to be discourteous to the hon. gentleman, but I think if he will take a few moments to consider he will realize that an application might be made by a chartered bank to the government for advances under that act, and the government no longer having any money with which to make the advance because the engraving and issuing of dominion notes would have ceased, a situation would be created which in my humble judgment would be more or less ridiculous.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

REPEAL OF STATUTE OF 1915

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 112, to repeal chapter 4 of the statutes of 1915.

Motion agreed to and bill read the second time.

Mr. BENNETT moved that the house go into committee on the bill.

Motion agreed to and the house went into committee thereon, Mr. Sullivan in the chair.

Mr. MACKENZIE (Vancouver): What is the relation of this bill to the one introduced yesterday to amend the Dominion Notes Act?

Mr. BENNETT: That is the act under which in 1915 Dominion of Canada notes or bills were issued on the security of (a) certain railway bonds—

Mr. MACKENZIE (Vancouver): Was it $26,000,000?

Mr. BENNETT: No, not $26,000,000, but $16,000,000 and $10,000,000. The $16,000,000 was on railway securities and the $10,000,000 on the general credit of the country. Obviously this liability must be taken care of when the new bank begins to function under the provisions set forth in the bill incorporating the bank. The act itself provides how that liability shall be discharged. In order that there shall be no difficulty about the matter this bill repeals that act on proclamation when the other act comes into force.

Mr. MACKENZIE (Vancouver): Were these $26,000,000 included in the total of $171,000,000 given yesterday?

Mr. EULER: I recall that last session the Prime Minister in making a statement told the house that during the war an issue of something like sixty or sixty-five million dollars of currency was made for which no coverage was supplied. Under what act was that done? I should also like to ask whether the announcement made yesterday with regard to the changed standards will take care of that old inflation, if I might call it so.

Mr. BENNETT: Oh, no. Under the provisions of the War Measures Act certain issues were made. They were retired and disposed of except those covered by this statute, which are of a permanent character. The $16,000,000 is secured now by railway securities; the other $10,000,000 is on the general credit of the country. Both of them are to be taken care of under the provisions of the Bank of Canada Act that I referred to yesterday, and the changed coverage provisions that are set forth in the amendment to the statute that appears upon the order paper as Bill No. 110.

Mr. EULER: That is the $60,000,000 odd?

Mr. BENNETT: No, only $26,000,000.

Mr. EULER: But last year I can remember that $60,000,000 was spoken of. That has been reduced to the sum mentioned here, I take it?

Mr. BENNETT: I think that should be made clear. I did not quite follow what the hon. gentleman was referring to; I thought he was referring to some expansions of the currency that took place during the war which were of a temporary character. What I was referring to was the sum total of three issues: (a) that secured by railway securities—I shall presently read the statute; (b) that issued on the general credit, and (c) the issues under the Finance Act, which of course had no coverage. As soon as parliament met after the declaration of war we made special provision, by amending the Dominion Notes Act, to meet that situation, as the hon. gentleman perhaps recalls. Under the War Measures Act orders in council were issued from time to time, and since the hon. gentleman has asked I think perhaps the only way I can answer him intelligently is to read the preamble to the statute:

Whereas for the purposes set forth in orders in council of date the fifth day of September, 1914 (P.C. 2325), the twenty-sixth day of September, 1914 (P.C. 2450), the twenty-fourth day of October, 1914 (P.C. 2670), the twentieth day of November, 1914 (P.C. 2921), and the sixteenth day of December, 1914 (P.C. 3170), and pursuant to said orders, advances to the amount of ten million dollars ($10,000,000) in the form of an issue of dominion notes were made to the Canadian Northern Railway Company, against a pledge by the company of its guaranteed securities issued in pursuance of the provisions of The Canadian Northern Railway Guarantee Act, 1914, by placing the sums so advanced to the credit of the Minister of Finance for payment out under the provisions of the trust deed securing the issue of these securities;

And whereas for the purposes set forth in orders in council of date the fifth day of September, 1914 (P.C. 2326), the twenty-sixth day of September, 1914 (P.C. 2451), the twenty-fourth day of October, 1914 (P.C. 2671), and the twentieth day of November, 1914 (P.C. 2922), and pursuant to said orders, advances to the amount of six million dollars ($6,000,000) in the form of an issue of dominion notes were made to the Grand Trunk Pacific Railway Company, against a pledge by the company of its guaranteed securities issued in pursuance of the provisions of The Grand Trunk Pacific Guarantee Act, 1914, by placing the sums so advanced to the credit of the Minister of Finance for payment out under the provisions of the deed of trust securing the issue of these securities;

And whereas pursuant to an order in council of date the second day of November, 1914 (P.C. 2750), dominion notes to the amount of ten million dollars ($10,000,000) were issued, in order that certain obligations of Canada might be met as they matured;

And whereas with respect to the greater part of these issues of dominion notes security in the form required by section 5 of The Dominion Notes Act, 1914, was not held;

Mr. EULER: That would mean gold was not held?

Mr. BENNETT: Yes, under the provision requiring dollar for dollar above the stipulated amount.

And whereas it is expedient that such issues, and the making of such advances and the taking of security therefor, and the agreements with regard to repayment of such advances be severally confirmed:

Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. The issues of dominion notes and the advances made in pursuance of the orders in council cited in the preamble, and all things done under the provisions of the said orders in council, are hereby confirmed and shall be deemed to have been duly authorized.

2. The agreements referred to in the preamble are hereby declared to be and shall be deemed to have been valid agreements and binding on the respective railway companies parties thereto.

That is the authority for the issue of the $26,000,000, $16,000,000 being covered by the securities of the railways guaranteed by the dominion, and the $10,000,000 being uncovered.

Mr. EULER: My memory must be very badly at fault—

Mr. BENNETT: I had not finished. In addition to that there are advances under the Finance Act from time to time.

Mr. MACKENZIE (Vancouver): $38,000,000.

Mr. BENNETT: I think they amount to $38,644,000 at the present time. At the time I was speaking I had the Gazette before me, if the hon. gentleman will recall, and I read the figures from the Gazette. They indicated the position at the end of the month prior to the month in which I was speaking, because advances under the Finance Act vary from time to time in accordance with the demands of the banks in order to meet their credit requirements, and their deposit of securities to meet the obligation is in accordance with the provisions of the Finance Act.

Mr. EULER: What was the total of that?

Mr. BENNETT: I think at the time I was speaking my memory is that it was something over $70,000,000, but that was retired. I suppose it is unnecessary for me to say this, but when the credit demands of the country become less and less the borrowings under the Finance Act become less and less. It will be recalled—it has been discussed in this house—that $35,000,000 was loaned to the banks under conditions that need not be gone into at length, for the purpose of extending credit and doing something to reduce interest rates by increasing the demand for securities. That sum, together with some additional sums making a total of some $38,000,000, represents the total now outstanding. But that total now outstanding includes the $35,000,000, so the amount advanced under the provisions of the act in the ordinary operations of commerce is something less than $4,000,000. There was a time, after the depression began, when I think there were no advances at all under the Finance Act, and that condition continued for months. On the other hand the advances under the Finance Act ran into very substantial sums of money in days when the credit requirements of industry, and especially when the crop was being moved, required the banks to have a larger volume of credit than they otherwise had.

Mr. EULER: I merely wanted to satisfy myself that this amount of $65,000,000 or $70,000,000 referred to by the Prime Minister last session, and for which he stated at that time there was no gold coverage whatever, is now provided for under the new arrangements that are being made with regard to the standard of gold coverage that is to be observed in future. I take it that is the case?

Mr. BENNETT: This might more properly come under the bill I was going to take next, but I can mention it now. Under the provisions of the Bank of Canada Act it will be essential for the bank at all times to maintain at least a twenty-five per cent gold coverage for all its issues and for its deposits as well. It must keep this in gold, and of course gold coinage—I am not speaking as a prophet—is a thing of the past, I would say. Gold bullion redemption, I believe, will be resumed by the nations of the world, since apparently it is the only basis upon which we can have any stability. I think the figure in the United States is 400 ounces or $14,000 worth of gold; that is the minimum that can be obtained. I believe there is a somewhat similar figure in Great Britain and France. That is a gold bullion redemption, not a gold coinage redemption. That is why the eagles and double eagles go out of circulation. I speak subject to correction when I have not the figures before me, but relying solely upon my memory I believe in the United States the minimum block of bullion that will be utilized for purposes of redemption is 400 ounces, which at $35 an ounce would be $14,000. That would appear to be the basis of any system of gold bullion redemption that may be relied upon in the future.

That is for the future; that has to do with the Bank of Canada Act. For the interval between now and then, that is between this time and when the new act comes into force, the provisions of Bill 110 will apply. I think I covered the situation fairly well yesterday when we were dealing with that bill.

Mr. MACKENZIE (Vancouver): The Prime Minister gave us a total note issue of $176,000,000, of which $26,000,000 was issued under the 1915 act and $38,000,000 under the Finance Act. Do I understand that the remainder, $16,000,000, would be issued from time to time?

Mr. BENNETT: It is outstanding. The $106,000,000 to which I referred yesterday is covered by gold to the extent of twenty-five per cent up to $50,000,000, and dollar for dollar with regard to the balance.

Mr. EULER: That is at the old valuation?

Mr. BENNETT: Yes. There has been no new valuation imposed on any of this gold in the computation of the twenty-five per cent metal coverage for issues; we have relied upon the old valuation, but by reason of what I said yesterday the increased value of

gold enables us to carry forward money for other things such as the program I mentioned yesterday.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

DOMINION FRANCHISE ACT

ELECTORAL FRANCHISE—APPOINTMENT OF FRANCHISE COMMISSIONER—PRINTING OF VOTERS' LISTS

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 101, respecting the franchise of electors at elections of members of the House of Commons.

Mr. MACKENZIE KING: Mr. Speaker, I understood that this measure would not come up to-day. It was not mentioned last night.

Mr. BENNETT: I said that we would take any second readings on the order paper.

Mr. GUTHRIE: The idea is in the one hour remaining to take only the non-contentious clauses.

Mr. MACKENZIE KING: There are one or two matters with respect to the bill itself on which some of us would like to say something, and the minister has only to-day introduced the bills which are interrelated with this one. I think we ought to have the opportunity of at least looking at those bills before going on with the second reading of this measure. Of course if the government insists—

Mr. BENNETT: No. If the right hon. gentleman desires time to consider the bill further, I shall not press it, but I said last night that we would take any second readings on the order paper.

Mr. MACKENZIE KING: I should like to look at the bills that are related to this one before we pass the second reading.

Mr. BENNETT: All right.

Mr. MACKENZIE KING: Then as a matter of procedure I will move the adjournment of the debate.

Mr. BENNETT: The right hon. gentleman need not do that. We will simply not call this order to-day. We will take it to-morrow.

74726—262½

Order for second reading stands.

On motion of Mr. Bennett the house adjourned at 5.05 p.m.

Thursday, June 21, 1934

The house met at three o'clock.

VACANCY

Mr. SPEAKER: I have the honour to inform the house that I have received a communication from two members notifying me that the following vacancy has occurred in the representation, viz:

Of William Spankie, Esquire, member for the electoral district of Frontenac-Addington.

I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

PRIVATE BILLS

REPORT OF COMMITTEE

Mr. T. H. STINSON (Victoria) presented the tenth report of the select standing committee on miscellaneous private bills, as follows:

Your committee has had under consideration the following bills and has agreed to report the said bills without amendment, viz:—

Bill No. 12, respecting patents on certain inventions of which Duplate Safety Glass Company of Canada, Limited, is entitled to benefit.

Bill No. 102, for the relief of Edward Headley Acland.

Bill No. 103, for the relief of Ella Gertrude Bush Adamson.

Bill No. 104, for the relief of Helen Cohen Levine.

Bill No. 105, for the relief of Annie Rosner.

Bill No. 106, for the relief of Grayse Irene Westlake MacLaren.

Bill No. 107, for the relief of Naomi Willard Lyman Robertson.

Your committee also has considered Bill No. 30, an Act respecting a certain patent of the American Dairy Supply Company, and has agreed to report that the preamble of the said bill has not been proven to the satisfaction of your committee, and it is the opinion of your committee that in the public interest it should not be passed.

Your committee recommends that the private bills fee of $200 paid on Bill No. 30, an Act respecting a certain patent of the American Dairy Supply Company, be refunded.

FIRST AND SECOND READINGS OF SENATE BILLS

Mr. STINSON moved:

That pursuant to resolution of the house of the 19th instant the said bills be now read a first time and a second time and referred to their respective committees as follows:—

To the select standing committee on banking and commerce:—

Bill No. 117, to incorporate Security National Insurance Company.

To the select standing committee on miscellaneous private bills (together with evidence, etc., taken before the standing committee of the Senate on divorce, to whom were referred the petitions on which the said bills were founded), viz:—

Bill No. 118, for the relief of Eugenie Margaret O'Reilly Stavert.

Bill No. 119, for the relief of George Harold Allen.

Bill No. 120, for the relief of Ena Beatrice Duclos Boyd.

Bill No. 121, for the relief of Paul Herbert Addy.

Motion agreed to.

REFUND OF FEE

Mr. STINSON moved:

That the recommendation contained in the tenth report of the select standing committee on miscellaneous private bills, with respect to refund of private bills fee in connection with Bill No. 30, an Act respecting a certain patent of the American Dairy Supply Company, be concurred in, except as to cost of printing.

Motion agreed to.

CANADIAN RAILWAY EXPRESS

Hon. R. J. MANION (Minister of Railways): I beg leave to introduce a bill to incorporate the Canadian Railway Express Company.

Some hon. MEMBERS: Explain.

Mr. MANION: The object of this bill is to incorporate an express company for the purpose of enabling the Canadian National Railways and the Canadian Pacific Railway to effect economies and to provide more remunerative operation with respect to their respective express services, pursuant to the provisions of Part II of the Canadian National-Canadian Pacific Railway Act, 1933, if, as and when the trustees and directors of the two railways respectively determine that this should be done.

The only reason I should like to have the privilege of introducing this bill to-day, and a similar bill with respect to telegraphs, is to afford many hon. members, who have asked for copies of the bills, an opportunity of seeing them. The bill, for leave to introduce which I am now asking, commits no one to anything; it is simply an enabling bill the purpose of which is to permit the companies, if finally they come to an agreement, to carry out this measure. They have not yet come to such agreement and there is no certainty that they will; but both railways, through Mr. Beatty and Mr. Fullerton respectively, have written to me asking me to introduce these two bills and to endeavour to have them adopted by the house.

[Mr. Stinson.]

Mr. MACKENZIE KING: Can the minister advise the house as to why it is that this particular bill has been held until this time? Why was notice not given earlier in the session? The house has had no notice of the intention of the minister to introduce such a bill this session.

Mr. MANION: The government had no information in regard to the matter, because the railway companies did not request us until very recently to introduce these bills. Apparently they had not arrived at the position of discussing an agreement of this kind until quite recently, when they wrote to me, and naturally I preferred that they should submit the bills themselves. They could have done so except for want of time, and they have asked us to deal with the matter. There is also a bill with respect to telegraph service along exactly the same lines, and if I am permitted to introduce at the present time the bill with respect to the Canadian Railway Express Company I shall ask for leave to introduce the other.

Mr. GRAY: Is this bill a first step towards the amalgamation of the Canadian National Railways and the Canadian Pacific Railway?

Mr. MANION: This is not a step towards the amalgamation of the Canadian National Railways and the Canadian Pacific Railway. I shall explain the matter when it is before the house, but I may say that what is contemplated here is permitted under the act of last year with respect to subsidiary companies. It has nothing at all to do with the amalgamation of the railways; it deals entirely with the proposed express company in this case, and, in the other, with telegraphs.

Mr. BENNETT: It has been in force in the United States for the last four years.

Mr. SPEAKER: Shall leave be granted?

Mr. MACKENZIE KING: No, Mr. Speaker. I do not think we should be asked to give consent. May I say to the minister that it is a surprise to everyone that the government should be introducing further legislation at this stage. We have repeatedly received assurances from the Prime Minister that practically all the measures were before the house except those that were to come from committees, and I must say that so far as we are concerned the feeling on this side is that the government should not introduce further legislation of any kind until the people of the country have had an opportunity to express their views.

Mr. MANION: As this bill, as well as the other bill which it is intended to introduce, requires unanimous consent, I will introduce them to-morrow.

Mr. SPEAKER: Consent is not given to the introduction of the bill to-day.

INTEREST ACT AMENDMENT

Mr. G. G. COOTE (Macleod) moved for leave to introduce a bill to amend the Interest Act.

Some hon. MEMBERS: Explain.

Mr. SPEAKER: Shall leave be granted?

Some hon. MEMBERS: Explain.

Mr. COOTE: The purpose is to amend the Interest Act so that after the first day of September no interest in excess of 5 per cent may be charged on any mortgage on real estate executed after that date.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion? Those in favour of the motion will say aye.

Some hon. MEMBERS: Aye.

Mr. SPEAKER: Those opposed will say nay.

Some hon. MEMBERS: No.

Mr. SPEAKER: In my opinion the motion is lost.

Mr. COOTE: Mr. Speaker—

Mr. SPEAKER: Do I understand that the hon. member supporting the bill desires to divide the house?

Mr. GARLAND (Bow River): Certainly.

Mr. SPENCER: Is it not the custom, Mr. Speaker, for leave to be granted for the introduction of bills when nobody objects?

Some hon. MEMBERS: Carried.

Mr. SPENCER: Mr. Speaker—

Mr. SPEAKER: Not a sufficient number of members have demanded a recorded vote.

Mr. MACKENZIE (Vancouver): Then we will all stand.

Mr. SPEAKER: Call in the members.

The house divided on the motion (Mr. Coote) which was agreed to on the following division:

YEAS

Messrs:

Ahearn
Anderson (Toronto-High Park)
Anderson (Halton)
Arsenault
Baker
Barber
Baribeau
Barrette
Beaubien
Beaubier
Belec
Bell (St. John-Albert)
Bennett
Bertrand
Blair
Boucher
Boulanger
Bourgeois
Bowen
Bowman
Boyes
Brasset
Brown
Bury
Butcher
Cahan
Cantley
Cardin
Carmichael
Casgrain
Casselman
Charters
Chevrier
Coote
Cotnam
Cowan (Long Lake)
Davies
Denis
Deslauriers
Desrochers
Dickie
Dorion
Dubois
Dubuc
Duguay
Dumaine
Dupré
Dupuis
Duranleau
Ernst
Esling
Euler
Factor
Fafard
Ferland
Fiset, Sir Eugène
Fontaine
Fortin
Fraser (Cariboo)
Fraser (Northumberland, O.)
Gagnon
Garland (Bow River)
Garland (Carleton)
Geary
Girouard
Gobeil
Golding
Goulet
Gray
Hackett
Hall
Hanbury
Hanson (Skeena)
Hanson (York-Sunbury)
Harris
Hay
Heaps
Howard
Howden
Hurtubise
Irvine
Jacobs
Johnstone
Jones
Kennedy (Peace River)
Kennedy (Winnipeg South Centre)
King, Mackenzie
Lacroix
Laflèche
Lapointe
Larue
Laurin
Lawson
Lucas
Luchkovich
MacDonald (Cape Breton South)
Macdonald (Kings)
MacInnis
Mackenzie (Vancouver Centre)
MacLaren
MacLean
MacMillan (Mackenzie)
MacMillan (Saskatoon)
MacNicol
Macphail, Miss
McDade
McGibbon
McGregor
McIntosh
McKenzie (Assiniboia)
McLure
Manion
Mercier (Laurier-Outremont)
Michaud
Mitchell
Moore (Chateauguay-Huntingdon)
Motherwell
Mullins
Murphy
Myers
Neill
Nicholson
Parent
Peck
Perras
Pickel
Plunkett
Porteous
Power
Price
Quinn
Raymond
Reid
Rhéaume
Rinfret

Roberge	Stewart (Lethbridge)
Robinson	Stinson
Rogers	Stirling
Ross	Stitt (Nelson)
Rowe	Sullivan
Ryerson	Sutherland
St-Père	Swanston
Sanderson	Tétreault
Sauvé	Thauvette
Simpson	Thompson (Lanark)
(Simcoe North)	Totzke
Simpson	Tummon
(Algoma West)	Vallance
Smith	Veniot
(Victoria-Carleton)	Verville
Smith (Cumberland)	Weese
Speakman	Weir (Melfort)
Spence	White (London)
Spencer	White (Mount Royal)
Sproule	Willis
Stanley	Wilson
Stevens	Woodsworth
Stewart	Wright
(Edmonton West)	Young—180.
Stewart (Leeds)	

Mr. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards). Had I voted I would have voted for the motion.

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

Mr. GOTT: I was paired with the hon. member for Kent (Mr. Rutherford). Had I voted I would have voted for the motion.

Motion agreed to.

Mr. COOTE moved that Bill No. 122, to amend the Interest Act be read the first time.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

AIR MAIL STAMPS

On the question:

Mr. McINTOSH:

1. When the postage rate on air mail was made 6 cents instead of 5 cents, were the 5 cent stamps then on hand utilized by printing the surchage on such stamps?
2. If so, who did the work?
3. Were any of such surcharged stamps found to be irregular by having the surcharge printed in an inverted position?
4. If so, were the stamps containing such inverted surcharge called in, or were they allowed to be used in the regular way?

Mr. McINTOSH: The information required in this connection has been given by the department.

Question dropped.

[Mr. Speaker.]

SILLARSVILLE, QUE., POST OFFICE

Mr. MARCIL:

1. Was the post office at Sillarsville, Quebec, ever taken away from Mrs. J. G. Sillars and given to Hudson Adams in 1933; if so, was contract entered into with Mrs. Sillars to perform the mail service?
2. What was the amount of this contract; was the amount subsequently reduced by one-half; if so, why?
3. Did Mrs. Sillars offer to perform the mail service after July 1, 1933, when the contract expired?
4. Has the contract been given to another party; if so, to whom and at what price?
5. Who are the bondsmen and for what amount?
6. Is the department aware that Mrs. Sillars was the widow of a returned soldier?
7. Is the new contractor a returned soldier?

Mr. SAUVE:

1. (a) Yes, but Mrs. Sillars was only in temporary charge following the death of the postmaster.

(b) At the death of the contractor, Hugh Sillars, the mail service was placed in hands of Mrs. Margueret Gordon Duncan Sillars, for the balance of contract term, viz., to 30th June, 1934.

2. $150 per annum. Yes, distance reduced from one-half to one-quarter mile at pro rata.
3. Mrs. Sillars offered to perform the service after the expiration of present contract, viz., from 1st July, 1934.
4. Yes. Contract was awarded to Hudson Adams at $75 per annum.
5. Alexander Pratt and J. H. MacDonald. $100.
6. No.
7. Department has no information.

QUESTION PASSED AS ORDER FOR RETURN

RIVIÈRE DES ILOTS, NEWPORT, QUE., PUBLIC WORKS

Mr. DUGUAY:

1. Who was the superintendent in charge of works done at Riviere des Ilots, or Newport Islands river, Newport, county of Gaspe, from June, 1928, to January 1, 1930?
2. Who supplied the materials in connection with such works and what was the cost of same?

Mr. STEWART (Leeds): Return tabled herewith.

DOMINION FRANCHISE ACT

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Before we come to the second reading of the Dominion Franchise bill I should like to ask the Prime Minister if he would consider referring the bill to

a select committee of the house as has been customary in connection with other election measures. I make this suggestion because I feel quite sure that if the bill comes into committee of the whole house there will be a protracted discussion on some of the clauses and that might be avoided if the measure were considered by a committee in the first instance.

Right Hon. R. B. BENNETT (Prime Minister): It is not intended to move the second reading until to-morrow. The Minister of Justice (Mr. Guthrie) will not be here to-day. The suggestion made by the right hon. gentleman might be conducive to expediting the bill and I shall so represent to the Minister of Justice.

AUSTRALIAN WHEAT AND FLOUR

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): I should like to direct a question to the Minister of Trade and Commerce (Mr. Stevens), but I am sorry he has left his seat so I shall direct my question to the Prime Minister. On three occasions during this session I have asked the Minister of Trade and Commerce for full information as to the importation of Australian flour and wheat via eastern ports, this vitally affecting Ontario farmers and millers. My reason for not pressing my question before because the Minister of Trade and Commerce did not give me a decided answer was that I did not want to embarrass the government before the Ontario election, but that is now past and gone and so I should like to ask the Prime Minister if he would be good enough to give to the house and the country a full statement in regard to the importation of Australian wheat and flour. The Minister of Trade and Commerce was not quite decided in regard to whether Australian wheat and flour—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Speech!

Mr. SANDERSON: I am under the orders of the Speaker and not of my hon. friends across the way.

Mr. SPEAKER: The hon. member is out of order.

Mr. SANDERSON: In answer to the question I directed to the Minister of Trade and Commerce regarding whether the Australian government subsidized wheat and flour coming into Canada he said that he thought the answer was in the negative but he was not quite sure. I should like to ask the Prime Minister whether the wheat and flour that are coming into Canada from Australia are subsidized by the Australian government and what the Canadian government intends to do in regard to the matter?

Right Hon. R. B. BENNETT (Prime Minister): I am not fully aware of all the details of the matter to which the hon. member for South Perth has referred. My information is that the Department of Trade and Commerce has communicated with Australia for the purpose of asking whether subsidies are being paid on the wheat from which the flour has been produced that has been shipped to Canada or on the flour itself. It is known of course to the hon. gentleman that quantities of wheat from Australia have for a long time been imported on the west coast of this country. The quantities that have been imported into the east have until recently been negligible. There have been communications maintained between the Australian authorities and the Departments of Trade and Commerce and of External Affairs. The matter is under consideration and advisement by both departments. I shall ask the Minister of Trade and Commerce to make a statement to-morrow on the orders of the day.

PRINTING OF BILLS

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): I should like to direct the attention of the Prime Minister (Mr. Bennett) to the constantly increasing delay in getting bills after their introduction in this house. It used to be that we could get them in half an hour. Yesterday the Minister of Justice (Mr. Guthrie) introduced Bill No. 115, dealing with the Representation Act and the election of members, and it has a distinct bearing on the consideration of Bill No. 101, which we would be considering to-day if the Minister of Justice did not happen to be absent. It is not available now and will not be received until to-morrow. The bill will be up to-morrow, and we shall not get the printed copy perhaps before three o'clock. We cannot be expected to consider bills received as late as that.

Right Hon. R. B. BENNETT (Prime Minister): The question of the availability of bills is governed by the rules of the house. When a bill is introduced it is sent to the printer. It has been the custom to have bills that were settled long in advance of their introduction printed before they were introduced. In some instances that is not possible.

For instance the bill introduced to-day was introduced in typewritten form. There is perhaps a little more time taken in the printing bureau because of the rush of work at the end of the session than is the case at the early part. I shall inquire, but I have no reason to believe that they are not doing their very best to expedite the printing of bills.

SALES OF WHEAT IN THE ORIENT

On the orders of the day:

Hon. W. R. MOTHERWELL (Melville): May I ask the absentee Minister of Trade and Commerce (Mr. Stevens) through the Prime Minister (Mr. Bennett) when I may expect that return for which I asked yesterday regarding the probability of selling more wheat or wheat flour to China?

Right Hon. R. B. BENNETT (Prime Minister): It is unfortunate that the hon. gentleman is under a misapprehension. I explained to him as clearly as I could that it was not the intention of the government to produce here the reports that have been received from the minister in Japan by the Department of External Affairs. Certain reports that have been received by the Minister of Trade and Commerce were not reports which can be produced. But in addition to those which were included in the return made a few days ago the minister has asked the officers of his department to go over the appropriate files for the purpose of ascertaining what information, not of a confidential nature and therefore producible, could be afforded to the hon. gentleman. I understood the minister to say yesterday that that information was being communicated to the hon. member for Melville. If it has not been it will be as soon as it is completed. But all the relevant and properly producible documents on his file have been produced, and for the reasons I have indicated the documents on the file of the Department of External Affairs are not producible.

Mr. MOTHERWELL: My question was: When may I expect to get it—this year or next?

Mr. BENNETT: It has been brought down.

Mr. CASGRAIN: You are not going to get it.

Mr. MOTHERWELL: Well, I shall ask for it every day until the end of the session.

[Mr. Bennett.]

GERMAN MORATORIUM

BILL INTRODUCED BY BRITISH GOVERNMENT TO AUTHORIZE SEIZURE OF GERMAN FUNDS

On the orders of the day:

Mr. S. W. JACOBS (Cartier): I should like to direct a question to the Prime Minister (Mr. Bennett). A United Press dispatch announces this morning that Right Hon. Neville Chamberlain, Chancellor of the Exchequer for Great Britain, obtained first reading of a bill to authorize an exchange clearing house in Great Britain to seize German funds to compensate those who are affected by the moratorium in connection with the Young and Dawes plans. A few days ago an item appeared in the Berlin press stating that if Great Britain were to resort to any such action the German government would feel compelled to seize funds belonging not only to Great Britain and to her colonies, but to the self-governing dominions, including of course, Canada. Is the Prime Minister able to give us some official intimation with regard to this momentous situation?

Right Hon. R. B. BENNETT (Prime Minister): It has not been the custom of this government to interfere with or offer gratuitous advice to the British government in the conduct of their business. We have no information that affects this country at this time.

Mr. JACOBS: It is in regard to the statement from Berlin.

Mr. BENNETT: That is what I said; we have no information.

PENSION ACT AMENDMENT

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): May I ask the Minister of Pensions (Mr. MacLaren) if it is his intention to introduce any amendment to the Pension Act this year?

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): I have no statement to make at the present time.

TARIFF BOARD REPORTS

On the orders of the day:

Hon. J. L. RALSTON (Shelburne-Yarmouth): I wish to draw the attention of the Prime Minister (Mr. Bennett) to the matter of the tariff board reports. The acting Minister of Finance (Sir George Perley) has laid on the table of the house to-day three reports by

the tariff board. As hon. members know, the only copy of these reports which is available for members is the copy that is filed with the clerk. I should like to urge on the government consideration of the matter of providing for the printing of these reports. I think they are of interest to members of the house as well as the country.

Right Hon. Sir GEORGE PERLEY (Argenteuil): I may say that these reports tabled to-day call for no action whatever. The question of expense of printing all these reports would be quite an important one. However, I shall bring it to the attention of the Finance minister.

Mr. RALSTON: They are equally important whether they call for action or not.

DREDGING AT TRACADIE

On the orders of the day:

Hon. H. A. STEWART (Minister of Public Works): Yesterday the hon. member for Gloucester (Mr. Veniot) inquired about dredge No. 12, which had been at Tracadie. I promised that I would secure some additional information to-day. In some respects my answer yesterday was not absolutely correct. I understood the hon. member to inquire whether the dredge was being moved for the purpose of engaging in work elsewhere. In that sense my answer was correct. I find that this dredge was in need of substantial repairs, and advantage was taken of the high spring tide to take it out of the position which it occupied, and it is now in deeper water ready to be taken to Chatham for the overhaul which it requires.

Mr. S. W. JACOBS (Cartier): Is that Chatham, Ontario, or Chatham, New Brunswick?

Mr. STEWART (Leeds) You may take it either place. As to the program for that dredge, it will be settled when parliamentary appropriations for the session are completed and the program drawn up.

BANK OF CANADA ACT

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee on Bill No. 19, to incorporate the Bank of Canada.

Motion agreed to and the house went into committee, Mr. Sullivan in the chair.

On section 1—Short title.

Mr. MACKENZIE (Vancouver): May I ask the Prime Minister if he would consider discussing immediately section 17, to which I intend to move an amendment, with regard to the vital principle of the bill, public ownership as against the proposed system. If that subject were disposed of I think it would expedite the discussion of the rest of the bill.

Mr. BENNETT: I think there is no precedent for proceeding in that way, but if there are any disputatious sections preceding section 17 I would try to dispense with the discussion of them and proceed to section 17. But I think we must take them in sequence.

Mr. MACKENZIE (Vancouver): May I point out that I think the principle of the amendment would affect practically every section.

Mr. BENNETT: That is taken for granted when we reach it. If that be disposed of adversely to the government's view of course the bill falls and the government resigns.

Mr. LAPOINTE: But I wish to point out to the Prime Minister that what my hon. friend from Vancouver Centre (Mr. Mackenzie) has in mind is that the principle of public ownership affects nearly every preceding section. Therefore it would perhaps be better to dispose of it immediately rather than discuss the whole question on every section prior to the vital one.

Mr. BENNETT: I think in any event we would have to call these sections and have them stand. But, as I understand there is no dispute, if the principle is adopted, why could we not adopt these sections as we go along, then if section 17 carries that is the end as far as we are concerned. Any motion which might be made to reconsider any of these sections would of course be considered. I believe it is not the practice of parliament to proceed with a section in the middle of a bill before dealing with the sections that precede it.

Mr. MACKENZIE (Vancouver): My only idea was to expedite the progress of the bill.

Mr. BENNETT: I understand the position; my hon. friends think they might be charged with agreeing to the principle itself if they pass any of the other sections. I will at once make it perfectly clear that the acceptance of these sections is predicated on the assumption that section 17 passes as it is. I think that will get over the difficulty.

Mr. RALSTON: I am in the same position; I have an amendment to move to section 9, but it will be only necessary to consider it after the proposed motion of my hon. friend from Vancouver Centre has been disposed of. In order that we might get right to the heart

of the matter I would suggest to the Prime Minister that sections 1 to 16 inclusive be called and allowed to stand, so that we may come directly to section 17.

Mr. BENNETT: It is very unusual.

The CHAIRMAN (Mr. Sullivan): We cannot do it except by unanimous consent.

Section stands.

Sections 2 to 16 inclusive stand.

On section 17—Capital.

Mr. MACKENZIE (Vancouver): I should like to move that this section be amended by deleting all the words after the word "be" in line 29 of the reprinted bill, and substituting therefor the following:

—held by the minister, who shall subscribe for such shares, and payment for the same shall be made out of the consolidated revenue fund.

The section then will read:

The capital shall be divided into shares of fifty dollars each, represented by share certificates, which shall be held by the minister—

and then the amendment proceeds. The object of this amendment, very briefly, is to provide that the Bank of Canada shall be publicly owned by the government on behalf of the people of Canada. After looking over the various sections of the bill I decided that this was the appropriate section and these were the appropriate words in which to move this amendment. It is not my intention to repeat at length the arguments which I submitted to the banking and commerce committee in regard to this principle. I do submit, however, that to-day the sentiment of the people of Canada is in favour of absolute public ownership of the greatest asset, the greatest monopoly there is in the Dominion of Canada to-day, namely our national credit and currency. Here, under this bill, we are transferring $14,000,000 of gold from the private chartered banks to another private or quasi-private corporation. Under this bill we are transferring to this private corporation, on the day it opens for business, assets totalling about $300,000,000, including $63,000,000 of new, interest bearing securities, which will cost the taxpayers of the Dominion of Canada $1,800,000 a year.

I submit to this committee, and I intend to enlarge upon my argument at a later date, that at the present time the sentiment of the people of Canada is not in favour of transferring these assets of gold, securities and credit to any private or quasi-private corporation. I do submit that the sentiments expressed by Sir Thomas White, which may be found at page 1322 of Hansard for the present session, in regard to public ownership, are abundantly justified, and I desire to impress upon this committee the absolute necessity of revising the entire principle of this bill, vesting the assets of this great new institution, the Bank of Canada, in the government of Canada on behalf of the people of Canada, instead of transferring these tremendous assets to any private corporation.

I read with great care the very able address made by the Minister of Finance (Mr. Rhodes) when he introduced this measure in the house. He spoke of sectional pressure, of political pressure and of all kinds of influences which might be brought to bear upon the administration of the day in regard to this bank. May I suggest to the Prime Minister and the government that Sir Thomas White met that argument in the report of the Macmillan commission. He said that we had had a quasi-public ownership of financial administration under the Finance Act, which we are now repealing, since 1914, and he said that never once in his experience as Minister of Finance or as a member of this house had he witnessed or experienced the slightest sign of sectional or political pressure. I submit to the Prime Minister and the government that the arguments that applied in regard to the administration of the Finance Act apply with equal weight and authority to the administration of this Bank of Canada Act. I submit, in no spirit of criticism at all—because I think under the principle of private ownership this bill contains a great deal of merit—that I am opposed to the principle of private ownership. I am conscientiously opposed to it; I know that western Canada is strongly opposed to it, and I believe a great many interests in eastern Canada are equally opposed to it. Therefore I offer this amendment to the Prime Minister, which will vest the ownership of this new institution in the government on behalf of the people of the Dominion of Canada.

Mr. COOTE: My sentiments in regard to the question raised by the hon. member for Vancouver Centre (Mr. Mackenzie) are very well known; I stated them to the house very emphatically in connection with the second reading of the bill, so at this time I shall content myself with saying that after listening to all the arguments advanced in the banking committee I am still convinced that this institution should be under public ownership. The power to be granted to this institution will be greater than the power of the government itself so far as the economic conditions of Canada are concerned. To-day monetary

policy should be a matter of government responsibility, and I do not see why the power of deciding monetary policies should be handed over to an institution which is not owned by the government. The time has arrived when cooperation between the institution that is going to determine the monetary policy of Canada and the government should be just as close as the cooperation between the Department of National Revenue and the Department of Finance. I can see no good reason why this institution should be set up under any but public ownership. I consider it a retrograde step at this time to establish a privately owned institution with the great powers conferred by this bill, and for that reason I support very heartily the amendment moved by the hon. member for Vancouver Centre.

Mr. BENNETT: There are three reasons why the government is not prepared to accept this amendment. First, the experience of the world indicates that such a proposal would be bad. Second, it is essential that the bank should be free from political control. Third, all profits of the bank except $225,000 accrue to the people, to the country, and to all intents and purposes the bank itself is a publicly owned bank, for (a) the provisional directors are named in the bill, and (b) the governor, the deputy governor and the by-laws must be approved by the government of the day. In other words the operation of the bank must be subject to the approval of the government of the day, as to the personnel of its officers and the laws under which it operates.

Dealing very briefly with the matter—because it has been dealt with at such length that I do not propose to cover the ground again—I shall take the first point, namely, the question of the experience of the world. Central banks are either privately owned or bank owned, or partly privately and partly state owned. I think that is a fair way to put it. The countries in which the central banks are wholly owned by the public are, as I said in the committee, six in number, namely Australia, Bulgaria, Finland, Latvia, Russia and Sweden. The conditions under which the central bank of the Commonwealth of Australia became publicly owned were set out at length in the speech delivered by the Minister of Finance.

Those wholly privately owned are Albania, Austria, Belgium, Denmark, Danzig, Esthonia —the government owns a few shares, and is disposing of them—France, India, Germany, Hungaria, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain and Switzerland. In those countries the central banks are privately owned, without limitations such as are imposed here with respect to either returns to the shareholders, or the restricting and supervising power exercised over the institution by the government of the country. That does not apply to all. In some instances the supervision is much the same as it is here. The wholly bank owned central authority is, of course, found in the United States of America. Technically it is not probably correct to say that the reserve banks of the United States could be described as central banks, but the banks are members of the central reserve body and therefore own the central reserve banks in the various parts of the United States.

Those which are part publicly and part privately owned are found in Poland, Czechoslovakia, Greece—where there is a limitation upon the amount of stock which may be owned by the government—and in Japan, where the same provision prevails, Lithuania, and Roumania. In Czechoslovakia and Roumania there is a limitation in the extent to which stock may be held in the central bank.

Public, private and bank owned are found in Chile, Colombia, and Peru. And there is private and bank ownership in South Africa. That is the position as indicated by the experience of the world. While, as I said the other day, it is not always desirable to rely upon the experience of other countries in arriving at conclusions in your own country—because conditions are so very different—nevertheless the fact remains that the functions of a central bank have been found to be best discharged, apparently, in the countries to which I have referred by recourse to the method indicated for the purpose of creating and owning the bank.

I shall not dwell longer upon that point. I am not unmindful of what Sir Thomas White said, but it is only fair to say that Sir Thomas White was opposed to the central bank, and he relied upon the Finance Act as being ample security for the protection of the credit of this country. This is neither the time nor the place to discuss at length a matter which has already been carefully considered in committee. Suffice it to say that the Finance Act, in itself, was an extraordinary expedient to meet an extraordinary circumstance. And with the country off the gold standard, as this country has been since a former Minister of Finance shipped $40,000,000 in gold to the United States—since that time the utilization of the Finance Act offered opportunities for chartered banks such as were not to be found in any other part of

the world, and which need not be here discussed more than to say that any reliance placed upon the observations of the former Minister of Finance to support the proposal in the amendment I believe must be considered in the light of his attitude of mind towards the whole proposal, and cannot be taken as an indication of opinion and separate from the view which he held with respect to the whole matter, as indicated by the report which he made following the proceedings of the Macmillan commission.

My second ground, as I explained to the committee, is I believe of the utmost importance. We had ample evidence during the progress of the discussion in the committee that considerations which govern in the appointment and discharging of the duties and obligations of the bank must have, from the very necessity of things, political consequence. And to make a political football out of a central bank is something which I do not think parliament should ask any body or any government to do. No one who has studied the conditions in this country, and understands them as thoroughly as many hon. gentlemen opposite understand them, will deny that instead of giving the people the broad base for their choice of directors, which they would have if the shareholders as provided by this act were to elect the directors, a proposal looking to a government-selected body of directors, some of whom would hold office during a term necessarily longer than the life of the government, involves considerations in the appointments of a character not conducive to the well-being of the bank. Shall men be appointed to the bank because they reside in a particular locality? Shall men be appointed to the bank because of their occupations? Shall men be appointed to the bank because of their religion? Shall men be appointed to the bank because of their politics? Shall men be appointed to the bank because of their race? Every one of those questions I have put to this committee this afternoon will be asked by every government having the responsibility for the appointment of directors. All you have to do is to look at the commissions and committees set up in this country during the last twenty-five years to realize the soundness of what I have said. Shall a man be appointed as a director of this bank simply to find for him a place because he no longer has a position in his own province? There have been cases in which, in order to find resting places for men no longer useful in their own provinces appointments have been made to important commissions. That is a well known fact. Shall political considerations of that kind prevail, or not? That is the issue. Which is better? Is it better under democratic institutions where you have shares of small value being issued—in this instance shares of $50 each, and where in the selection of shareholders it is intended that there shall be the widest distribution of shares to those who will subscribe for small numbers of shares—which is better, that with the ballot sent to them after nominations have been made they should select the directors for this institution, or shall the considerations to which I have referred be given due weight? Those are considerations which as every hon. member knows provoke effective questions when appointments are to be made by a government. I speak feelingly, and with some small experience. There are hon. members in this house with larger experience. But there is no hon. member who does not know about the pressure which is always exercised with respect to the necessity for finding a place for some man who—and I am not speaking offensively—is worn out, tired out or, shall we say, some politician or person who no longer has the opportunity to exercise his powers. These are the facts. I do not wish to mention names, but if I were driven to it I could. All you have to do is to look at the commissions which during the past twenty-five years have been appointed in this country. I am not speaking about one party; I have been very careful not to do that. You will find that the considerations to which I have referred are the considerations which have governed in making appointments.

Mr. CASGRAIN: Not always.

Mr. BENNETT: I did not say always; I just simply said that those are the considerations which have governed. There is not an hon. member of this committee within sound of my voice who does not know that that is so.

Mr. HANBURY: Might I ask the Prime Minister whether that consideration governed in connection with the appointment of the trustees of the Canadian National Railways?

Mr. BENNETT: I explained to the committee the difficulties which were incident to that. The hon. gentleman knows very well what they were. I shall be perfectly frank. The criticism against one gentleman who is serving without salary was that it was not a good thing to have two men of one religion on a committee. That is what was said.

Mr. HANBURY: Evidently the Prime Minister did not permit that criticism to influence his judgment, and quite properly so.

Mr. BENNETT: It did not, but he has been violently criticized because he did not. There are other criticisms which I could mention which were made with respect to other commissions. I am being perfectly frank about this matter of commissions and appointments. I have no hesitation in saying that I should have liked to have approached this question under the conditions that obtain in other countries where there are not the vast areas which we have here in Canada and which have not our scattered population. But I realized that I was confronted with facts and not theories and the only method by which this matter could be dealt with as an actual condition in this body politic is the manner in which I have indicated it can be controlled satisfactorily.

I go a step further. How do we propose to elect the directors? Is this to be done by a few gentlemen sitting around a table in the east block? Are they to select them and appoint them? There is to be circulation of ballot papers to every shareholder. These ballot papers will contain the names of the persons nominated and the shareholders, accepting their responsibility, will select seven directors with as much wisdom as they are capable of exercising. That wisdom is good enough to select the hon. members of this parliament who reflect the genius of the Canadian people and it should be sufficiently great to select these directors.

I should like to give an experience I have had in this matter. In the early days of the Northwest Territories we established a law society which was perpetuated by legislation in Alberta and Saskatchewan. When it came to the election of the benchers we provided in the first bill that the benchers should be elected without nomination. Ballot papers were circulated to every member of the profession and he was asked to vote for nine benchers, with the proviso that not more than two should reside in any one judicial district. Strange as it may seem the result was that those who were most prominent at the bar were selected. Later on we provided in Alberta and Saskatchewan that there should be nominations by any three members of the profession. The names of the nominees were printed on a ballot paper, which was sent to each lawyer in the province. An addressed envelope was enclosed, upon the back of which was the statement that the ballot was to be returned to the secretary. Again, strangely enough, the leaders of the senior and junior bars were almost in every instance selected by election to fill the positions of benchers, the administrative officers of the law society. We propose to do just that thing. We propose to put the selection of these directors upon the broadest democratic basis possible. It is not to be put upon the basis of a few gentlemen sitting around a table in the east block to determine who these gentlemen shall be.

Mr. HANBURY: Who are the gentlemen to whom the Prime Minister (Mr. Bennett) is referring?

Mr. BENNETT: The government of the day.

Mr. MACKENZIE (Vancouver): They are responsible to parliament.

Mr. BENNETT: Certainly, but under the parliamentary institution as we understand it, we know perfectly well that the government must have a majority or it does not exist. That majority sustains the action of the government. I am adopting the broadest democratic basis in permitting the shareholders themselves to select the directors.

Mr. HANBURY: The shareholders do not appoint members of the government.

Mr. BENNETT: That is the broadest basis of democracy. They select by their ballots those who shall be the directors of the bank. That is the method that will be pursued. Nominations will be made and ballots will be distributed and the shareholders of the bank, with a sense of their individual responsibility, will be called upon to vote for seven directors. Each shareholder will be instructed that the directors must not be confined to any one part of the country, that they should represent as many sections of the country and occupations as is possible.

I am not going to follow the argument any further because it has been done at such great length already. I say that it is not correct to describe this bank as a privately owned bank. It is true that there will be shareholders who will pay $50 each for their shares; they will have the right to vote for directors in the manner indicated, but where will rest the control of the bank? Shall the executive officer who must determine its policies be subject to the direction of government? Shall he be forced, as he would be forced in the case of a publicly owned institution, to do what he is told to do by the government of the day? In a moment of political crisis when it is desirable to do a particular thing for party reasons, shall he be subject to that control or shall he be free from such control? He is appointed by the governor in council for a term of years and he knows that his tenure of office depends, not upon the government but upon the extent to which he discharges his

duties in a manner satisfactory to the people of this country and to the shareholders of the bank. The governor and the deputy governor are to be the executive officers.

Then there is the question of administration. Banks like other institutions are governed by by-laws. By-laws are the rules and regulations under which a concern functions and these will have to be approved by the governor in council. That is an indication that the government does not undertake to deal with details or with political patronage; it deals with the question only to the extent of approving the governor, the deputy governor and the by-laws that govern. Beyond that the government simply sees that the institution functions and it gives it such assistance as it can give to that end. In order that there shall be close communication and continuity of policy, having regard to the changes of administration in a country such as this, it is provided that the deputy minister shall be a member of the board. He is to have no vote but he is to be there for the purpose of seeing that the government is thoroughly informed as to the conduct and policies of the institution. That is the position there.

I am not going to dwell upon this any longer. In this country there have been many striking illustrations of a commission desiring to do what the government wanted done. There have been many such illustrations during the past fifty years and I think it is desirable that an institution such as this should be freed from such possible criticism.

Lastly, all the profits that are made by this bank, with the exception of $225,000 per year, shall accrue to this country. If the money were found by the Minister of Finance through the consolidated revenue fund it is not improbable that it would cost four per cent, and perhaps more depending upon where it was secured. However, we will say four per cent. Four per cent means $200,000 and the difference between $200,000 and $225,000 is $25,000. I think it will be admitted that that is a very small price to pay for the security which is obtained for the people of this country.

As I said, I shall not traverse the arguments which have been made by the Minister of Finance and myself before the standing committee. In approaching this problem, and it is a very important one in which great responsibility had to be taken by the government of the day, at first blush any hon. member would say: Yes, a publicly-owned bank, a bank owned by the country. But when I gave my best attention to the matter, without going again in detail into the reasons that influenced my judgment, I could not ask this house to vote for that purpose, and I am not doing so because I believe that if I did I should not be doing what I conceive to be right with respect to the institution which we are now creating and which will play so large a part in shaping the monetary policy of this country.

Mr. LAPOINTE: Before the members of the committee reach a decision as to which way they will vote on this motion—of course, they have already done so—I would suggest to every one a careful reading of the preamble of this bill. The preamble states quite definitely what will be the functions of the institution which we are creating to-day: Those functions will be to:

> —regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of the dominion.

In other words, we are entrusting the national life of Canada to the body of men who will guide, dominate and control these various functions which are enumerated in the preamble of this bill. Under these circumstances I cannot but agree with the views of Sir Thomas White, who was at one time a distinguished Minister of Finance in this country, who was one of the commissioners appointed by the government to study this question of banking and monetary matters in Canada, who himself stated that he was opposed to the establishment of a central bank and reported against the establishment of such a bank, but who stated emphatically that if there was to be a central bank it should surely be publicly-owned, a bank owned by the people of Canada.

My right hon. friend's argument, if he will allow me to say so, will militate against representative government, at least representative government elected by universal franchise. He asks, "How can a few gentlemen in the east block, instead of the shareholders, control this bank?" Well, the few gentlemen in the east block are the representatives of the people of Canada; they are supposed to be. They are elected by the people of Canada to voice their views and to represent those views in legislation, in administration and otherwise; and when the people of Canada are not satisfied with the representatives whom they have elected, the constitution provides a way to change them.

Mr. BENNETT: But their successors cannot change the board.

Mr. LAPOINTE: I beg your pardon. They have the confidence of the people of the country, and I have more confidence in my right hon. friend than he has himself. As against these gentlemen in the east block representing the people of Canada my right hon. friend says that we should prefer the shareholders who select the administrators of that bank. Now, the shareholders cannot be more than 2,000, with the capital which is going to be subscribed and the number of shares which everyone is allowed to own; so that 2,000 people in Canada instead of the government are going to control the economic and national life of the country. Against that principle I will certainly vote. I believe that under the circumstances the central bank, being given the powers which this parliament is giving it, must be publicly-owned. We are taking away from all the private banks which are being operated in Canada the gold which they have in their possession. This institution is going to possess all the gold in Canada, and it will be a privately-owned institution.

I think that if you consider these various elements in connection with this matter you will agree that the motion of my hon. friend from Vancouver Centre ought to be accepted by the committee. I am free to admit that I would rather have held the opinion that this should be a privately-owned institution publicly controlled, before I read the bill as it is and heard the discussion and knew all the functions that are going to be those of this public institution. Under the circumstances, the central bank being what it is going to be, I think I should be derelict in my duty if I did not support the principle of public ownership.

Mr. EULER: When the Prime Minister announced early in the session that we were to have a central bank I had hoped for two things; one was that the central bank would be given the power to issue all the currency. That is being partially carried out, and my regret is that it is not being carried out 100 per cent. The second was that the bank would be publicly-owned, a bank owned by the people of Canada. Now, I hope I do not prejudice my argument by a fact which is perhaps fairly well known, that in many instances, so far as public services are concerned, I favour public ownership; and I will freely admit that public ownership presents a good many drawbacks. I am not arguing that public ownership is perfect, but I do believe that in many instances public ownership has nothing to regret when it is compared with the results that have flowed from private ownership. I think the committee and parliament should consider the advantages and disadvantages which may flow from the two separate propositions, private ownership as proposed in the bill, or public ownership as proposed in the amendment moved by the hon. member for Vancouver Centre.

My reason for saying that this should be a publicly-owned bank is this. I think that entirely too much power is being given to an institution which is not publicly-owned. I do not suppose I need to review these powers. Some of them have already been referred to; perhaps not all. In the first place the bank will be given the power of issuing currency, a great power. Again, it will have possession of all the gold in the country, amounting to $107,000,000. Again it will have in its possession five per cent of all the deposits in the chartered banks; it will have the reserves which have been put aside for certain purposes in the banks; it will have the repayment of advances made under the Finance Act and it will—and this is perhaps more important than any of the other features—have control of the credit of Canada. I was going to say—and this is more or less by the way—that this bank, especially if it were privately owned might be given some additional powers; it might have control of the reserves, for instance, of insurance companies and of trust funds in various organizations, pension funds, and perhaps later on, when we establish, if we do an unemployment insurance scheme those funds might also very well be administered by this bank.

I may be wrong but I am credibly informed that this central bank will actually have in its control and possession funds amounting to the stupendous sum of between $300,000,000 and $500,000,000. That is a tremendous power to give to a privately owned institution. I cannot quite agree with the Prime Minister when he says that it is not correct to describe this bank as a privately owned one. After all it is a privately owned bank and although the number of shareholders will be comparatively small, some 2,000 and no one of them—

Mr. HANSON (York-Sunbury): The hon. member's mathematics is bad. It is 20,000.

Mr. EULER: I was repeating for the moment what the hon. member for Quebec East (Mr. Lapointe) had said. Let us, however, say 20,000 persons. I am not going to dwell on this to any great extent but I believe it is possible to concentrate, by way of

having the shares held in trust, a great deal of power in a few hands in the ownership of the shares of this bank.

Something was said also—and this was said in the committee—that ownership of the bank by private persons might lead to a great deal of external influence being exercised upon it. I need only read what Sir Thomas White, one of the commissioners, said. This is what he said:

> It is also my view that a central bank of Canada should not be empowered except with the approval of parliament, to enter into agreements with other central banks which would undoubtedly, on account of their greater experience and wide sources of information, possess decided advantage in the negotiation of such agreements.

More than that—and I think this is important—Mr. Beaudry Leman, also one of the commissioners—and I do not think he can be accused of being a great advocate of public ownership—had this to say:

> Measures calculated to develop intra-imperial cooperation, as set forth in paragraph number 211, should not be developed beyond the scope of providing ample facilities for the interchange of goods and services, unless the people of Canada understand and decide, in full knowledge of the consequences, that close monetary cooperation may lead to close economic association which in turn is a step towards common political action.

I am not attributing any sinister motives whatever to the Prime Minister or to the government in deciding finally that the bank shall be privately owned. The Prime Minister stated—and I believe he is quite sincere—that at first blush, as he put it, he was in favour of having this a publicly owned bank. I wish he had adhered to that view, because I believe it to be true that there would be greater public confidence in a publicly owned than in a privately owned bank, restricted though it may be in its powers. The other day the Minister of Finance, in explaining this bill and the Prime Minister again to-day, made reference to central banks in other countries and in most instances those are privately owned. Banks like the Bank of England and the Bank of France are the growth of perhaps a number of centuries and those are older countries. I am afraid, unlike some of my friends the lawyers, I am not necessarily a great believer in precedents. Someone once said: We make our own precedents, and I believe we can make progress in all things and need not necessarily look to older countries for the course we ought to adopt. For example, in the United States, one of the newer countries if you like, this year there was introduced into congress a bill which provided for a number of things. This bill was sponsored by the two senior members

of the committee, Congressmen Stegall and Goldsborough, two prominent members of the United States congress. This is the kind of bank they proposed:

> It would set up a federal monetary authority which would have sole custody of the nation's metallic currency reserves, power to regulate credit and, at the end of three years, the exclusive right to issue currency in the United States. As stated in details these powers correspond identically with the essential functions of any central bank.

This proposed institution was to supersede the federal reserve bank system as they now have it in the United States. The article goes on:

> The "authority" itself would consist of seven directors to be appointed by the president with Senate approval. They would be representative of agriculture, industry and banking, and would be headed by a governor and deputy governors after the manner of a central bank. They would be subject to removal from office only by the president or by congress, but would be debarred from any private interest in finance, manufacturing or foreign trade.
>
> The authority would thus be free from any control except that of the government; and any profits from its operations would, after deductions for reserves, go to the treasury.

I cite that merely as an argument against accepting the theory, if you like, that we must necessarily follow the practice of the older banks in the older countries.

There has been only one real objection advanced to having this bank publicly owned and that is the danger or supposed danger referred to by the Prime Minister and the Minister of Finance that in the appointment of directors and in the conduct of the bank itself especially—and I think the Minister of Finance said this—if an election were in prospect, political influence would be brought to bear upon the conduct of the bank. I have said before in the house and also in the committee on banking and commerce that I am surprised and disappointed that the Minister of Finance and the Prime Minister himself should have so little confidence in the public men and the democracy of this country. Public men are constantly being criticized more I think in jest than in earnest that they are out to serve their own ends as members of parliament. I do not think that is borne out by the fact but certainly if we, the government of this country, say that we are not to be trusted, what can we expect from those who elected us? The Prime Minister has referred to the difficulties in making appointments, to the fact that certain interests have to be considered, such as language, religion, geography and all the rest. He spoke a moment ago about the criticism which he received because he appointed two members of a certain faith

to the national railway board. My answer to that is this: Surely a government has backbone enough, as it had in that case, to resist any unjust demands that are made upon it. Therefore in the final analysis these would be my reasons for wanting the bank publicly owned. In the first place, it is entirely too great a power to be placed in the hands of private individuals; in the second, a central bank will have the confidence of the people of Canada to a much greater degree if it is publicly rather than privately owned, especially in view of the facts which have been disclosed before various committees of the house. For these reasons I am going to support the amendment.

Mr. HOWARD: I wish to express in a few words my sentiments on this, to my mind, very important departure in Canadian history. May I say first that I am a private ownership man. As far as possible I believe in private ownership. But having regard to the preamble, which after all is the guiding principle of the whole bill, I cannot help but tell this house the reason I am supporting one hundred per cent the amendment moved by the hon. member for Vancouver Centre (Mr. Mackenzie). I was surprised to hear the arguments of the Prime Minister concerning the method of electing directors, and I wish to say a few words on that. Is there any man in this house who thinks that a cabinet representing all the people of Canada—not only those who are able to subscribe $2,500—and having the confidence, as they should have, of the people of Canada as a whole, are not in a better position to select the men who are to control the financial policy and the national credit of Canada than 2,000 shareholders whose only qualification is that they were able to put up $2,500? I am sure that there is not any serious-minded person who will say that the men in the first category are not much better able to select proper directors to manage that institution than the shareholders as provided under the act.

Then I wish to say a word in connection with the gold situation. This institution is to have the control of all the gold of Canada. Furthermore it is to confiscate the gold of the private banks of Canada. I know that legal justification may be asserted for this, but I do not believe it is the proper thing to confiscate the property of any citizen and to hand that property over to another citizen. If we are going to have confiscation let us have it for the benefit of the state and no one else.

Then this institution is to have, progressively I will admit, but eventually, the entire control of the issue of money in Canada. In view of the Prime Minister's changed attitude as to the money policy of this government as expressed in this house yesterday I begin to think it is most important that we should have a governmentally owned institution, or at least an institution controlled by the government, to manage safely the national credit in the interests of all the people of Canada. Then I submit another suggestion. Under the present legislation we have a treasury board acting under the Finance Act. With conditions as they are to-day I do not think any member of parliament should vote in favour of a system which in any way will lessen the present powers of the treasury board under the Finance Act. I believe that by this new institution we are lessening the powers of the treasury board. Then there is another argument as to the selection of the officers of the institution. I support the hon. member for North Waterloo (Mr. Euler) in his statement. When I want land surveyed, although I cannot run a line I can hire a man to do the job for me and can tell him where I want it run. I do not think this parliament has any reason to take second place to the business men of this country. The managements of our privately owned banks in Canada have been able to select men to manage their institutions, not perhaps in the interest of all the people of Canada, but at least in the interest of their shareholders. In spite of the fact that some of the directors, in fact many of them, are not at all qualified to manage those institutions, they are able to hire such men as Mr. Wilson, Mr. Logan and many others who have been successful in conducting banks for the benefit of their shareholders. Surely eighteen selected men—selected men, I say—out of a population of over ten million, are competent to hire officers who can manage this institution, especially when it is to be charged with responsibility—and I want to read it into Hansard because I think it is most important—

—to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of the dominion.

Furthermore, at present we have a privately owned system of note issue, which is covered at all times by assets to a varying degree. Under this new legislation we are handing over to the Bank of Canada, the absolute power of note issue for the whole Dominion of Canada. In view of these considerations, and after listening to the argument of the Prime Minister, I cannot see how any hon.

member on either side of the house—I am not speaking politically—can take any other stand than that the control of the national credit of Canada should be in the hands of people representing Canada or in the hands of the government of the country.

Mr. HANSON (York-Sunbury): I had not intended to take any part in this discussion, but in view of what has been said I think a few remarks would not be out of place, giving my own views and the views of those with whom I am associated. First I should like to say that every view that has been presented here this afternoon was presented with force and power by gentlemen who I have no doubt honestly held the views they expressed. I give them credit for honest and honourable intentions, and they are quite justified in expressing their views. I must confess that I am rather surprised to find the hon. member for Quebec East (Mr. Lapointe) in the role of a supporter of public ownership. I have never heard that heretofore he has been included in that category. But there is always time for repentance. Personally, I am not a proponent of public ownership; I am not doing any violence to my conscience when I vote for private ownership in the sense in which it is restricted and limited by this bill. But certain statements have been made here to-day which I do not think are quite borne out by the facts. In the first place the hon. member for Quebec East said that the board of directors of this bank would be elected by 2,000 shareholders. That would be true if only 2,000 people should become shareholders of the bank, which would be possible having regard to the limitations imposed by the bill. But it is equally possible that there will be 100,000 shareholders, having regard to the announced policy of the government that the shares shall be distributed as widely as possible. So I suggest to my hon. friend that while his mathematics may be technically correct they are not practically correct.

Public ownership of any great and important utility is a great idea. But I have never seen a country yet where it worked out one hundred per cent, not even in the great province of Ontario.

Mr. EULER: You cannot expect one hundred per cent.

Mr. HANSON (York-Sunbury): Certainly it has not worked out in connection with the railways of this country. For the reasons which have been alleged already I am going to support the principle of private ownership of this bank, as I think the committee would be well advised to do.

[Mr. Howard.]

It has been stated here to-day that pressure would be brought to bear upon the government of the day in regard to creeds and sections throughout the country. I can show you a file of correspondence in my office coming from various parts of the country demanding that a certain number of the directors of this bank shall be chosen from one race in this country. There are many resolutions couched in exactly the same language, showing the propaganda that is going on. That is one evidence. I will not mention the race; hon. gentlemen can draw their own conclusions. This indicates that the moment anything of this sort is set up there is a reaction of this kind in the minds of some people. Does that tend to strengthen the position of the institution? I humbly submit that it does not. Then there is the question of sectionalism. Did we ever set up a board of directors for the national railways when sectionalism was not a paramount consideration? I put that to hon. gentlemen opposite. They know it and we know it, and that does not make for the best cooperation possible. I think it is one of the great weaknesses of Canada that we are governed by sectionalism. We are bound to consider the different sections of the country; otherwise we would not have a maritime position on one question, a central Canada position on another and a western position on another. This is an embarrassment and a detriment to the proper government of the country. We must admit that the principle of governing the country according to sectionalism is wrong, and surely the same principle should apply to the bank.

Mr. EULER: My hon. friend referred to the board of directors of the Canadian National Railways. Is he contending now that the present board was appointed with the idea of giving expression to the wishes of these various factions?

Mr. HANSON (York-Sunbury): No, I do not say that, but I say that the board set up in 1922 or 1923, which went out of office in 1930, and the board set up in lieu thereof in 1930 or 1931 gave expression to this sectionalism in Canada, and it was very hard to operate the board because of the diverse interests that were represented.

Mr. EULER: But that does not apply to the present board?

Mr. HANSON (York-Sunbury): No, it does not, because, as I understand it, that principle was discarded in the appointment of the trustees, of whom there are only three under the statute.

Surely the experience of other countries is of value; surely it is not a crime to follow the example of England, although in the minds of some members of this house it may be so considered. They have had a privately owned central bank, the Bank of England, ever since they have had a central bank. It has performed exactly the functions that are intended to be performed by this bank. More than that, in the great majority of cases where central banks have been set up in other countries, invariably and with very minor and few exceptions those banks have been privately owned in the same sense that this bank is to be privately owned. Why is that? Hon. gentlemen in this house should pause and query why that has been the case. In Canada we have reason to know why there might be interference with a bank if it were publicly owned. I can visualize what might happen, and it is to guard against that sort of thing that this institution has been set up in this way.

I should like to pay some attention to the remarks of the hon. member for Sherbrooke (Mr. Howard) with respect to the gold question. Very incorrectly, in my judgment, he said there would be confiscation of the gold of the private banks. If I understand the word in its proper meaning, confiscation is taking without compensation. There is no such intention or underlying principle in this bill. The gold of the chartered banks is to be taken over, save and except that portion of it required for the external obligations of the banks, and due compensation is to be made. I did not understand that the banks as such objected to the taking over of their gold, because they admitted that gold was no longer necessary as part of their reserves. What they did seek, however, in the brief filed for them, was to be allowed a great unearned increment which the possession and ownership of the gold at the present moment brings about. They thought this ought to accrue to them. This legislation does not recognize that principle. It recognizes the principle of full compensation to the banks at the statutory rate, and the profit goes to the state. What other principle could be followed by this house and by the country? I challenge hon. gentlemen opposite to bring in an amendment which would have the effect of paying the chartered banks of this country the full premium on gold to-day. I am sure they would not do so, so there is nothing in the argument that this will bring about confiscation. There is no confiscation; there is expropriation with due regard to compensation. Any government has that right; it has been exercised by this government ever since we set up legislation having that effect.

Mr. MACKENZIE (Vancouver): Is it not a fact that $70,000,000 of Finance Act gold is being transferred to a private corporation?

Mr. HANSON (York-Sunbury): The gold will be in the custody of the central bank and the private institutions will not reap the benefit of the unearned increment. Perhaps theoretically the ownership of the gold will be in the new bank, but the unearned increment is the thing that bothered the chartered banks, who wanted to be paid at the rate of $35 per ounce. I wonder what government, or what party, would dare pay the chartered banks of this country that unearned increment on a commodity in which they were not dealers.

Mr. MACKENZIE (Vancouver): No one said so.

Mr. HANSON (York-Sunbury): That was the only point in the remarks of the hon. member for Sherbrooke, the taking of the gold because gold is worth so much more than the statutory price.

Some hon. MEMBERS: He never said that.

Mr. HANSON (York-Sunbury): I do not think the hon. member for Sherbrooke had anything else in the back of his mind when he used the term "confiscation." If he did not mean that there was no point in bringing up the matter at all. Either he meant the confiscation of a commodity on which there was a large premium or his argument meant nothing at all. I suggest to the committee and to the country that this matter was given the very fullest and frankest consideration by the banking committee over a long period of time, and that this provision should have the support of the people of Canada.

Mr. IRVINE: Just before you put the question, Mr. Chairman, I should like to say a few words on this subject which has been discussed a good deal in this house, in connection with the bill now before us and at other times. I do not think I can add to the discussion anything that has not been brought forward by someone else or mentioned on previous occasions by myself, but I do desire to congratulate the hon. member for Vancouver Centre (Mr. Mackenzie) upon having offered this amendment, and I am very glad to note the enthusiasm of those who support him. As one who has always believed in

the public ownership of financial institutions I am very glad to welcome these gentlemen to the ranks of public ownership.

I do not care, of course, whether the job is done by the present government or by some other government; I want to see it done, and I am ready to vote for the men who are going to do it. Let me point out to my hon. friends that there are no new powers in this bill which have not been exercised by the private banks of Canada ever since their organization. Certainly up to the time of the Finance Act they had entire and absolute control of the financial institutions, just as it is proposed now to give control to the central bank. And while of course I am going to vote for the amendment, because I believe in the principle involved therein, and while I am going to vote for every amendment which makes towards that principle, nevertheless I wish to take this opportunity to say that the central bank, as a private institution, as pointed out by the hon. member for Vancouver Centre, is a very excellent idea. There are some fine advances made in the measure now before us, and even if I cannot have all the amendments I should like, I certainly will vote for the bill when it comes up for third reading.

For a moment or two let me remark upon the arguments advanced by the Prime Minister. He set forth three arguments, the first being that the experience of the world would lead us to adopt the present form of private ownership of banks. In that connection may I observe that the experience of the world has been very meagre, in the matter of public ownership of banks, and secondly that all the experience of private ownership of banks has not been attractive. The methods adopted in financing, in other countries of the world, and especially during the period of and since the great war, as I say has not been attractive. Indeed, the mismanagement of the financial institutions by private corporations in various countries of the world has led to the necessity for the legislation now before the committee. I do not think we can draw our inspiration even from the historic old Bank of England in handling the financial affairs of the British nation, especially during the past decade or so.

Then, the second point made by the Prime Minister was that of having freedom from political control. I do not believe there is anything under heaven free from political control. I do not believe we can have anything free from political control. While I agree with what the Prime Minister said—and I state that so far as it went his argument in that connection was very forceful, indeed—I think his argument was more of an indictment of the present parliamentary system than an argument against the public ownership of banks. I would say that there is only too much truth in what he said. So far as the party system is concerned—and perhaps we will not get the full working of the social ownership of banks until the C.C.F. comes into power—nevertheless, as I have said on many occasions, I would rather have bank governors and directors appointed by the Prime Minister or by the leader of the opposition than by any group of private bankers we might find anywhere.

The third point was that the presently proposed bank is really, in fact, a public institution, inasmuch as the government has the appointment of the governor and certain functionaries of the institution. Of course, there is truth in this, that the private control of the banks is in many respects very strictly limited, and that those features of the bill are of course acceptable as a bill providing for a private institution. But the fact remains that the entire control of the central financial institution of this country is being reposed in a private concern. In my opinion that is not a wise thing to do and I would urge that the Prime Minister who, as he says himself, believes or had the opinion at the outset that the proper thing to do was to make this a government bank in reality, would give further consideration to the arguments which have been put forward this afternoon, and that he will make this bank wholly and entirely a socially owned, nationally owned, publicly owned—whichever term you desire to use—institution, so that we may control, and so that the financial policies of the country may be in the hands of the representatives of the Canadian people. I would point out to the Prime Minister that if under government control poor governors were appointed, governors who were incapable of carrying out their duties, we certainly would have direct recourse and ultimately, at least, could effect the necessary improvements by removing the incapable officials and appointing others in their places. But under a private institution we will have no such power. They will find their own governors and their own directors who will do business in the way they want them to do it. I urge that further consideration be given, and that the amendment be accepted.

Mr. SPENCER: Before the vote is put, and without wishing to take up the time of the committee, I should like to place myself on record in support of the amendment

offered by the hon. member for Vancouver Centre (Mr. Mackenzie). I happen to be paired with the hon. member for Athabaska (Mr. Davies), who has had to leave the chamber this afternoon. For that reason I should like to state my position as probably a vote may take place shortly. I agree entirely with what has been said in support of the necessity for making this a publicly owned bank. The matter was thoroughly discussed in the committee on banking and commerce, and there can be no advantage in repeating it here. May I place myself on record as being entirely in favour of the amendment.

Some hon. MEMBERS: Question.

Mr. NICHOLSON: Don't be so anxious. Hon. gentlemen opposite are quite free to express their opinions, and I claim the right to express mine. I am opposed to the amendment for the very reason advanced for its adoption by the ex-Minister of Justice (Mr. Lapointe), namely the provisions in the preamble of the bill under which the Bank of Canada can control the credit and currency, meaning the commercial credit and currency, necessary for carrying on the ordinary business of the country. As between a privately owned and controlled institution, with all the safeguards thrown around it by this bill, and a politically controlled institution which would govern the credit provided the business interests of this country, I must favour the privately controlled, or privately owned, publicly controlled and, if you like, privately managed institution for which there is provision in this bill. As a matter of fact, I would go farther than the bill has gone, and in addition to setting up a stock issue of $5,000,000 in shares of $50 each, or whatever they may be when the bill has passed, I would in addition make an issue of common shares representing a small proportion of the total capital of the bank, with the provision that the persons who purchased those shares, whether or not they be the same persons who purchased the preferred shares, would have an added interest in the success of the institution by the further possibility of sharing with the state the profits accruing to the state. Under the provisions of this bill the profits, such as they are, or whatever they may be, accrue one hundred per cent to the state, and when hon. members talk about the institution being managed, and talk about confiscation being effected to the advantage of private individuals they overlook entirely the fact that as now provided all of the profits arising out of the operation of this bank accrue to the state. When we look at the experience which this country has had and is now having with publicly owned and directly parliamentary controlled institutions, we cannot hope to have an independent institution so long as it remains within the hands of any government, no matter what side of politics it may be on. A politically controlled bank could destroy the industry of this country in six months through unwise actions. That possibility rests within the provisions of the bill.

What has been our experience with our national railways? The hon. member for North Waterloo (Mr. Euler) has left the chamber but he knows what that experience has been. The first board of directors of the Canadian National Railways were still holding office when the government was changed in 1922. When the new government came into office the president and the entire board were dismissed and a new political board appointed. As was testified to by the then president, Sir Henry Thornton, that board continued to operate in a political manner. The commission which investigated the whole situation used the term, "the thin red line of political activity." We have a similar situation to-day in the province of Ontario. The management of one of the greatest publicly owned institutions are to be dismissed and political appointees put in their places. What guarantee have we that the same thing would not happen in the case of this bank? Should there be a change of government, the governor, the deputy governor and the board of directors who controlled this great central bank would be automatically dismissed.

Mr. EULER: Will not the hon. gentleman admit that the hydro commission of Ontario, a publicly owned institution, has saved the people of that province hundreds of millions of dollars when it is considered what they would have had to pay for power had it been owned by private parties?

Mr. NICHOLSON: At the moment I am not discussing the merits of hydro electric in Ontario; I am discussing the management. The governor, the deputy governor and the directors of a bank such as the central bank of Canada is to be should not be subject to political dismissal. I grant that a government may be trusted to find the best men available for these positions, but there can be no continuity of policy or that direction which is required in the managing of an institution of this kind when the governor and all the officers are subject to dismissal when a political change occurs. My hon. friend knows that the whole organization of the hydro electric in Ontario is to be subject to political dismissals.

Mr. EULER: Even if that were true, which I do not admit, has it not been advantageous to the people of Ontario to have the hydro publicly owned?

Mr. NICHOLSON: It may have been up to the present, but there are arguments both ways. Is the central bank of Canada, the monetary policy and the credit of this country to be subject to political control?

Mr. EULER: That does not necessarily follow.

Mr. NICHOLSON: That follows the moment you adopt the principle that those who control are to be political appointments. That principle was put into practice by my hon. friend himself as a member of the government.

Mr. EULER: I never did that.

Mr. NICHOLSON: What happened to the board of directors of the Canadian National Railways in 1922?

Mr. EULER: I was not a member of that government.

Mr. NICHOLSON: You supported that government and you supported that action. My hon. friend is supporting the action which is going to be taken with regard to the hydro in Ontario.

Mr. EULER: That remark is entirely uncalled for.

Mr. NICHOLSON: Just one last word. As a business man whose business will be directly affected by the control of credit in this country—this bank is to have rediscounting privileges—I am not going to risk my business nor am I going to risk the business of any other man and put it in a position where it can be destroyed by political actions. That is what a politically-controlled bank could do.

Mr. STEWART (Edmonton): Mr. Chairman, I am rather surprised at the statement of the last speaker that there is to be no political control. Surely the governor and the deputy governor are going to run this bank, and they are to be appointed by the government for a definite period. If that is not political control and political appointments, I do not know what it is. Those two gentlemen are going to have the most control over this institution, and they are to be appointed by the government. Every hon. gentleman who has had to do with boards of directors knows how much influence such a board exercises. I am not very much concerned about the influence they will exercise.

[Mr. Nicholson.]

We are being asked to give up two controls which parliament has exercised over the private institutions of this country. We are being asked to give up every vestige of control and the inspection of banks which has been carried on in recent years under the Finance Act.

Mr. BENNETT: No.

Mr. STEWART (Edmonton): Yes. That becomes a function of this so-called private institution, using my hon. friend's description. It becomes a function of that institution to regulate other private institutions.

Mr. BENNETT: The inspector general still continues.

Mr. STEWART (Edmonton): Of course he does, but he will operate under the Minister of Finance. I want to be corrected if I am wrong in that.

Mr. BENNETT: Yes, he does.

Mr. STEWART (Edmonton): Then the gold reserve of the government is taken by this private institution and the gold reserves not required by the private banks are also taken. What particular power has this private institution? My hon. friend is worrying for fear his business will be injured with a change of government, but the fact is that he will not be able to borrow a sou from this bank. The only corporations that can borrow are the governments of the day. I do not see anything very drastic or striking in that.

Mr. NICHOLSON: Has not this bank the power to rediscount the bills of commercial organizations?

Mr. STEWART (Edmonton): No.

Mr. NICHOLSON: Yes, it has.

Mr. STEWART (Edmonton): I have never discovered that in the bill. It is to have power to do business with the federal and provincial governments and the banks. I am speaking without full information because the bill has been amended since I gave it some considerable attention.

Mr. EULER: This bank will not directly rediscount any commercial bill.

Mr. STEWART (Edmonton): Then it takes the place of the Bank Act in regulating the private institutions.

Mr. NICHOLSON: The hon. member should read paragraph (h) of section 21.

Mr. STEWART (Edmonton): It is to have complete control of the note issues. I am not quarreling about that; I am merely mentioning these things in passing. My own position is that this institution should not lend to any government, federal or provincial; it should do its business with the private banks so long as they remain private banks and carry on the commercial business of the country. This view is not shared by many of the hon. members with whom I am associated, but I think such a safeguard could well be thrown around this institution. It would avoid what my hon. friend is complaining of. In the functioning of the central bank, as provided for in this bill, I cannot see why it should not be under government control. The Finance Act has functioned fairly successfully under the Minister of Finance and the government, and I cannot see any radical difference from the point of view of administration. Certainly I have never heard of politics being played in connection with it.

My hon. friends have had a good deal to say lately—and I hope that we shall have some occasion to discuss the matter—with regard to the political control of the national railways. I would point out to hon. gentlemen opposite that there is one thing that is lost sight of entirely in the discussion of railway matters and that is that in Canada at the present time, as well as over a considerable period in the past, practically from the inception of the control of the national railways by the government of the day, lower freight and passenger rates have prevailed in Canada than in the United States, and we have had the benefit of that. But you never hear a single individual voicing that opinion or saying anything about it; yet no one can estimate what that has meant to the people of this country. I should deplore political control of the national railways, but I do not think it seriously interferes with the national railways to change administration, to change the directors on a change of government so long as you have in charge men who are capable of managing that institution. I do not think there is anything very serious in a change of directors and therefore I do not view with alarm that aspect of the matter. But if we are to trade away the control we now have by setting up an institution which will perform these functions, then I am entirely opposed to putting it in any measure at all under private control—and not only private control but private ownership. I say this because I am convinced that the operation of the Finance Act has been carried out to the benefit of the whole country. It has functioned very acceptably, and if we are to set up another institution, even with additional powers, it should still be under the control of the government.

Mr. NICHOLSON: Hon. gentlemen have questioned my statement that the central bank will have authority with regard to the rediscounting of commercial documents. Section 21 provides, in paragraph (h) of subsection 1 that the bank may buy and sell for rediscount bills of exchange and promissory notes endorsed by a chartered bank, and so on.

Mr. HOWARD: Endorsed, and who can rediscount them?

Mr. NICHOLSON: The central bank can rediscount them.

An hon. MEMBER: Through the chartered banks.

Mr. NICHOLSON: If this institution, as provided for in the preamble, is going to control the credit of the country, what does rediscounting mean? Suppose the bank, for political reasons refused to rediscount, as it would have the right to do.

Mr. STEWART (Edmonton): Is not that function performed by the Department of Finance at the present time?

Mr. NICHOLSON: No. The Department of Finance has no right and never has had to rediscount paper used in the production of agricultural commodities, lumber and timber and everything else. I confess that the banks to-day have, from firms with which I am connected, notes that may be rediscounted in this bank, and as far as I am concerned I am not going to risk the business of this country by having the rediscounting privilege granted this bank subject to political control.

Amendment (Mr. Mackenzie, Vancouver) negatived: yeas, 27; nays, 53.

Mr. POWER: I was paired with the hon. member for Muskoka-Ontario (Mr. McGibbon). Had I voted, I would have voted for the amendment.

Mr. TOTZKE: I was paired with the hon. member for Fraser Valley (Mr. Barber). Had I voted, I would have voted for the amendment.

Mr. RALSTON: I was paired with the Minister of Finance (Mr. Rhodes). Had I voted, I would have voted for the amendment.

Mr. BROWN: I was paired with the hon. member for Souris (Mr. Willis). Had I voted, I would have voted for the amendment.

Mr. MACKENZIE (Vancouver): I was paired with the hon. member for Saskatoon (Mr. MacMillan). Had I voted, I would have voted for the amendment.

Mr. NICHOLSON: I was paired with the hon. member for North Timiskaming (Mr. Bradette). Had I voted, I would have voted against the amendment.

Mr. HACKETT: I was paired with the hon. member for Wright (Mr. Perras). Had I voted, I would have voted against the amendment.

Mr. STEWART (Edmonton): I was paired with the Minister of the Interior (Mr. Murphy). Had I voted, I would have voted for the amendment.

Mr. HANBURY: I was paired with the hon. member for West Kootenay (Mr. Esling). Had I voted, I would have voted for the amendment.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted, I would have voted 100 per cent for the amendment.

Mr. BEAUBIEN: I was paired with the hon. member for Champlain (Mr. Baribeau). Had I voted, I would have voted for the amendment.

Mr. WEIR (Macdonald): I was paired with the hon. member for Selkirk (Mr. Stitt). Had I voted, I would have voted for the amendment.

Mr. IRVINE: I was paired with the hon. member for Glengarry (Mr. McGillis). Had I voted, I would have voted for the amendment.

Mr. TAYLOR: I was paired with the hon. member for Brantford City (Mr. Ryerson). Had I voted, I would have voted for the amendment.

Mr. MacMILLAN (Mackenzie): I was paired with the hon. member for North Huron (Mr. Spotton). Had I voted, I would have voted for the amendment.

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

Mr. BUTCHER: I was paired with the hon. member for Portage la Prairie (Mr. Burns). Had I voted, I would have voted for the amendment.

Mr. ROWE: I was paired with the hon. member for Beauce (Mr. Lacroix). Had I voted, I would have voted against the amendment.

Mr. MICHAUD: I was paired with the hon. member for Charlotte (Mr. Ganong). Had I voted, I would have voted for the amendment.

Mr. BOULANGER (Translation): I was paired with the hon. member for Dorchester (Mr. Gagnon). Had I voted I would have voted for the amendment.

Mr. FAFARD (Translation): I was paired with the hon. member for Levis (Mr. Fortin). Had I voted I would have voted for the amendment.

Sir. EUGENE FISET (Translation): I was paired with the hon. minister of Pensions and National Health (Mr. MacLaren). Had I voted I would have voted for the amendment.

Mr. JEAN (Translation): I was paired with the hon. member for East Simcoe (Mr. Thompson). Had I voted I would have voted for the amendment.

Mr. MERCIER (St. Henri) (Translation): I was paired with the hon. member for West Hamilton (Mr. Bell). Had I voted I would have voted for the amendment.

Mr. SAUVE (Translation): I was paired with the hon. member for l'Assomption Montcalm (Mr. Séguin). Had I voted I would have voted against the amendment.

Mr. LAURIN (Translation): I was paired with the hon. member for Kent (Mr. Rutherford). Had I voted I would have voted against the amendment.

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

Mr. LARUE (Translation): I was paired with the hon. member for Vaudreuil-Soulanges (Mr. Thauvette). Had I voted I would have voted against the amendment.

Mr. DORION (Translation): I was paired with the hon. member for Lotbinière (Mr. Verville). Had I voted I would have voted against the amendment.

The CHAIRMAN (Mr. Sullivan): Shall section 17 carry?

Some hon. MEMBERS: Carried.

Section agreed to.

Mr. SPENCER: I have an amendment to section 17.

The CHAIRMAN (Mr. Sullivan): Section 17 is carried.

Mr. LAPOINTE: No one heard it.

Mr. SPENCER: In the event of any difference arising, after the establishment of the

central bank, between the government of the day and the bank, it should be possible for the government to step in and get control, and I wish to move as 17 (a) the following:

The minister may at any time call in the shares of stock held by the several shareholders on paying therefor the price at which such shares were issued by the minister, together with three months' interest.

I move that with the object of making it quite safe and acceptable for the bank to be taken over in case of need.

The CHAIRMAN (Mr. Sullivan): There is no seconder.

Mr. IRVINE: I second it.

Mr. BENNETT: Is this to be added as a new clause?

Mr. SPENCER: Clause 17(a).

Mr. BENNETT: Clause 17 has been properly declared to be carried and therefore this is a new clause not an amendment to clause 17. We are reverting to clause 2 and when clause 17 is again reached the proper course to take would be to move that this be added as clause 17(a).

Sections 2 to 5 inclusive agreed to.

On section 6—Governor and deputy governor.

Mr. RAYMOND: I desire to move an amendment to clause 6, subclause 2, by substituting in paragraph (a) the words "Canadian national" in place of "British subject." This amendment is seconded by the hon. member for Chicoutimi (Mr. Dubuc).

In order to avoid any misunderstanding as to the meaning of "Canadian national," I wish to refer first to an act of parliament passed in 1921 defining a Canadian national. In that year Mr. Doherty, then Minister of Justice, thought it advisable to define by statute what constituted a Canadian national, and it was defined as follows:

The following persons are Canadian nationals, viz:—(a) any British subject who is a Canadian citizen within the meaning of the Immigration Act.

That is to say, who has Canadian domicile; and a Canadian domicile is acquired by having in Canada for at least five years a residence as his permanent abode.

I want to call the attention of members of the committee to the difference between clause 10, which deals with the qualification of the directors of the bank, and clause 6, which deals with the qualifications of the governor, the deputy governor and the assistant deputy governor. To be a director of the bank, one must be necessarily a British subject ordinarily resident in Canada, while in the case of the governor, the deputy governor and the assistant deputy governor, one need only be a British subject. In view of this difference it is obvious that the government had it in mind to select the three last mentioned officers from outside Canada and when the Prime Minister was attending the committee on banking and commerce he made no secret of it. To this I am opposed, and the purpose of my amendment is to ensure the appointment of a Canadian. Why should it be otherwise?

Mr. McINTOSH: Canada first.

Mr. RAYMOND: Clause 6 states that the governor and deputy governor shall be men of proven banking experience; under the bill, this is the only qualification required, so far as competency is concerned. Have we not in Canada men of proven banking experience? What are the facts? Not so long ago, while in the United States we had the alarming situation of every bank temporarily suspending payment, ours stood firm. While during the last ten years, more than 9,000 banks in the United States failed, is it not a significant fact that in Canada, during the last twenty years only one bank went into liquidation? Do not these facts sufficiently prove the ability and efficiency which have characterized the administration of our banks?

What took place in England from 1928 to 1931? The bankers of England and of the United States borrowed money from the bankers of France and made loans to Germany. Subsequently Germany repudiated her debts and the consequence is that large sums of money were lost by those bankers of England and the United States. No such thing has happened in Canada, and the least I can say is that we have no lesson to learn from those bankers.

More than that, Lord Macmillan, the head of the royal commission which conducted the investigation into our banking system, is reported as having expressed the view that Canadian bankers were men of integrity, high character and high efficiency. Why should we now question the capability of their management? The Prime Minister while before the committee on banking and commerce said: We have no Canadian with the necessary knowledge to operate a central bank.

Mr. BENNETT: Experience.

Mr. RAYMOND: I accept the correction of the Prime Minister. Let us deal with experience. I will refer him to the report of the royal commission on banking and currency in Canada and read what those two

prominent bankers, Lord Macmillan and Sir Charles Addis, have to say about the financial experience of our Canadian bankers. At page 67, sections 227 and 228, they say:

Regarding the vital importance to such an institution of the quality of the governors and directorate. Experience, skill and integrity are required in the highest degree, and that, not only to ensure that the operations of the bank shall be wisely conducted, but also that the institution should win and maintain the confidence alike of the government, the people and the commercial banks.

I ask the Prime Minister to follow this:

228. We have no reason to suppose from our discussions with leaders in Canadian finance and industry that these qualities are lacking in Canada.

They continue:

On the contrary, we are convinced that there are resources of intelligence combined with experience—

Do not forget that.

—and public spirit fully adequate to ensure the successful management of a central bank. It is true that the conduct of central banking operations requires a technique and an outlook somewhat removed from those of commercial banking; but this fact has had to be faced in every country which in recent years has established a central bank, and Canada appears to us not less well but better equipped than many other countries have been to provide the necessary administrative talent.

I ask the Prime Minister, why this lack of confidence in his fellow citizens? Why does he not follow the opinion of those two prominent bankers that he borrowed from England to advise him? With those facts and those opinions, are we going to say officially, and by an act of parliament, that we have no Canadians with the necessary experience to manage a central bank? If in spite of the opinion of Lord Macmillan and Sir Charles Addis, the Prime Minister thinks we have no men in Canada with the necessary experience to manage a central bank, I shall ask why he appointed three Canadians on the royal commission for the special purpose of considering the advisability of establishing a central banking institution in Canada? If they did not know about central banking, if they had no experience, they were not competent advisers. And with respect to special experience for specific matters, when the Prime Minister was called to form a cabinet what experience had he as prime minister? Yet our hon. friends opposite have been boasting that he is the best prime minister we ever had in Canada.

Some hon. MEMBERS: Hear, hear.

Mr. RAYMOND: There is a man here who although modest does not disagree, and that is the Prime Minister himself. What experience had the present deputy minister of finance before he was appointed? He was a good professor in a university, but he had no experience as deputy minister. What experience in railway management had Hon. Mr. Fullerton, who was on the high court bench for many years, and who is now chairman of the board of trustees of the Canadian National Railways? And I could cite many other examples.

I shall go a step further. Having in mind the very purpose of this act which according to its preamble is:

—to regulate credit and currency in the best interests of the economic life of the nation... and generally to promote the economic and financial welfare of the dominion;

—having in mind the absolute powers granted by this act to the governor, who, referring to section 7:

—shall on behalf of the board have the direction and control of the business of the bank;

—having also in mind the constitution of the executive committee, which according to section 13:

—shall be competent to deal with any matter within the competence of the board ...

—and considering that the executive committee is composed of the governor, the deputy governor and one director; having in mind all those facts, I do not hesitate to say that if we want to achieve the end proposed by this bill, we should appoint a Canadian to manage this bank. To act in the best interests of a nation one must know those interests thoroughly. To promote, as expressed in the preamble, the economic and financial welfare of the dominion, one must know the economic conditions of this country. As the Prime Minister said, conditions vary from one country to another. They are not the same here as they are in England. And there are many other factors which have to be taken into consideration.

If this bank is to operate for the benefit of Canada and no other country, it is essential that those who manage it should know best what is good for Canada, that they should be persons who know the domestic and industrial requirements of the country. Canadian financial men are more competent to deal with such matters than any distinguished gentlemen from outside who do not know our local conditions. We want directors and officers who always have in mind the welfare of the dominion, rather than of someone else or the interests of some other country. We have read the letter written by Lord Beaverbrook in which he said that the charters of the

banks should not be renewed unless advances were made by them to some private enterprise in which he is interested. Is this Bank of Canada going to be run from London? Is it going to be a branch of the Bank of England, dominated by the Bank of England? Is it to be at the mercy of some group or individual who will dictate its policy for purposes quite foreign to our own interests? The determination of our credit and financial policy should be vested in the hands of Canadians, who are best acquainted with the needs of Canada. We have in Canada distinguished Canadian bankers, thoroughly versed in the economic and banking conditions of the country, who have intimate knowledge of our needs, and it will be not only to the detriment of Canada but an insult to Canadian citizens if we appoint officers from outside Canada to manage this bank.

Mr. DUBUC: In supporting this motion I shall add but one word, directing the attention of the committee to the important fact that the economic control of the country means unquestionably the political control. Canadians certainly can buy the experience that it has been said in the committee that possibly none of us possess. The board of directors of all our banks, which have had the success mentioned here to-day, have found general managers and men to administer those banks who had experience which the directors did not have. Surely this central bank, which is to be the foundation of the entire fabric of our economic life, should be controlled nationally and not privately. The management is to be in the hands of the committee of three; the board of directors will only give them advice. If those three gentlemen, or two of them, are from another country, surely the danger is great. Canadians should always preserve autonomy in and keep control of our economic affairs, because to fail to do so would also mean the abandonment and loss of our political autonomy. Mr. Chairman, this is a very important fact to which I invite the attention of this parliament and of the public of Canada.

Mr. HACKETT: I have listened with some interest to the remarks of hon. gentlemen opposite. At the moment we are not appointing gentlemen to fill any offices. There is a limitation placed by the bill upon the nationality of the person or persons who may be appointed to such offices. I think the only desire that animated those who prepared the bill was to provide this country with the best possible officers in the first years of the bank's operation. Not many years ago, when the city of Paris installed electric tramways, it sent to Montreal for a man skilled in the operation of electric railways, one Duncan McDonald, who went to Paris and there carried out in a thoroughly satisfactory way the organization of that system. We have frequently had to go beyond our own frontiers to find skilled and experienced men to guide our enterprises in their infancy. Hon. gentlemen will recall that when the Canadian Pacific Railway was founded those who were interested in its management sent to the United States and brought here Mr. Van Horne and Mr. Shaughnessy, afterwards Lord Shaughnessy. They will also recall that just a few years ago, when the best man available was being sought to coordinate the Canadian National railways, hon. gentlemen opposite, despite the fact that in Canada we had great experience in railway matters, deemed it wise to go to Great Britain to find Sir Henry Thornton.

Mr. RAYMOND: Do you consider that was a success?

Mr. HACKETT: That may have depended upon the quality of judgment which was exercised by those who were in office, but it by no means undermines the principle by which that selection was made. That principle is all that is at stake here. We are seeking to get people who have experience in the administration of an organization of this kind, and for that reason it has not been restricted to Canada where such an organization never has been operated, and where it may be said no one, however skilled he may be in commercial banking, has ever had the duty of operating a central bank. These, I think, are some reasons which might well be considered by the committee when determining what form this section should take.

Mr. BENNETT: Mr. Chairman, I intend to say only a few words. I do deprecate the introduction into this discussion on every occasion of matters such as that raised by the hon. member for Beauharnois (Mr. Raymond). When it is not the Bank of England it is something else, always something savouring of nationalism.

Some hon. MEMBERS: Canada first.

Mr. BENNETT: Certainly, and I shall presently point out exactly what that means. It is so evident that this is done in a desire to obscure discussion by appeals to prejudice, which I think is to be very much deprecated. The red thread runs through this whole discussion, and I see it with dismay and regret.

I have listened to this discussion with regard tc Canadians. I think probably I have

as high regard for Canadian ability as any man in this committee, and I have acted upon that opinion. But occasionally governments desire to have a dispassionate view of a situation. That was in the mind of the right hon. leader of the opposition when Sir Andrew Rae Duncan was brought here for the purpose of making a report on matters of transcendent importance to three provinces. He was chairman; his recommendations involved this country in very large annual expenditures. The successful effort to bring him here was not criticized, I am bound to say, and when the right hon. gentleman chose Sir Henry Thornton as head of the railways that choice met with the approval of at least one member of this chamber in addition to himself; that was myself. Sir Henry Thornton was a naturalized British subject, but not a resident of Canada. But I have higher authority than that, which I am sure will appeal to the hon. member for Beauharnois. I hold in my hand a speech made on the lottery issue by Premier Taschereau of Quebec, and in the next to last paragraph I find these words:

> I do not know how we would organize if allowed to have a lottery. We could perhaps have a man attached to the French national lottery come here and advise us as to the organization work here.

Mr. HANBURY: He would not necessarily leave him in control for many years.

Mr. BENNETT: If those who are now speaking will permit the hon. member for Beauharnois to ask his question I should be glad to answer it.

Mr. RAYMOND: I did not know that Premier Taschereau had taken the trouble of going to someone else for advice, as the Prime Minister did in this case, when he asked the advice of Lord Macmillan as to the experience of our Canadian financial men.

Mr. BENNETT: I am just about to finish the quotation; I have not read the part of it in which I am particularly interested:

> That was the procedure that we adopted when we created our system of provincial statistics, which is the best in Canada.

Some hon. MEMBERS: To get advice.

Mr. BENNETT: That is exactly the basis of what I am endeavouring to say. The hon. gentleman has said that we have bankers in Canada who are equal to any bankers in the world. Yet there is not one general manager of a bank in Canada who would undertake this position. I put it to them in the committee; I asked them right then and there, and what is more I know it, not from hearsay but from definite statements. They are of the opinion that we have no one in this country yet trained in central bank experience, and if Mr. Taschereau found it necessary to send to Paris to get someone to teach him how to gather statistics, with all the men we have in this country trained in audits and statistics, with all the magnificent brains we have and the certificates they have obtained from various parts of the country; if the premier of Quebec found it necessary to establish his system by bringing in someone from France, would it be a violation of sound judgment if someone assisted these men to establish the central bank?

Mr. HANBURY: Is that the reason—

Mr. BENNETT: The jumping jacks might sit down; I was not pushing the button at that moment.

Now just one further word. This act contemplates a successful central bank; this act contemplates the central bank being placed, in the first instance, in charge of someone who has some knowledge or experience in that regard. I should like to know what experience any banker in Canada has had with regard to central banks. I have asked every general manager who has had to do with the management of these banks, and not one of them has had any experience nor yet understands and realizes all that is involved in central banks. In commercial banking our bankers are equal to any in the world; in fact the large United States banks draw from the personnel of our chartered banks from time to time because of their high qualities, their experience and their training. But when it comes down to the question of a central bank we have no one that can lead. Whoever undertakes the responsibility as head of this central bank must have some knowledge in the first instance in order to give whatever Canadian is appointed the necessary and requisite experience to carry on his job. Just as Mr. Taschereau had to send to France to get someone to teach him statistics so it is proposed, by this government at least, that someone shall teach Canadians how to carry on with respect to central banks.

It is intended that this bank shall be managed, controlled and operated by Canadians; it has no more relation to the Bank of England than any other central bank in the world has to that bank. It will have to do business with the Bank of England; to hon. gentlemen opposite that is an offence. It will have to do business with the Bank of France, with the Bank of Germany, with the Bank of Austria and with the central banks

of all the countries of the world with which the trade and commerce of Canada is carried on. Without anticipating the appointment I can only say that whoever undertakes this work, whoever is appointed, must get experience. He will have to spend some time after his appointment in studying central bank conditions throughout the world. He will have to learn what is to be done and how it is to be done. There is no contact between the management of the central bank and the individual except as he is affected by the policies of the central bank. If hon. gentlemen opposite had taken the trouble to inquire into the relations between the Bank of France and the provincial and city banks of France and between the Bank of England and the chartered banks of that country, as I have, I think they would realize that the qualities required in the governor of a central bank are just as far removed from the qualities required of the successful general manager of a commercial bank as are the qualities that fit a lawyer, for instance, to give legal advice as compared with one who has had no experience or training in the law at all. Why do we seek technicians? Why do we ask the assistance of technicians—not brain trusts, but technicians? Why do we do that? Because their training fits them to give advice which may be of assistance. I say to this committee, frankly, that this bank could not successfully be established without some training and assistance being given, training derived by the gentleman who is appointed spending his time in securing it, or assistance given for a limited time by someone who has knowledge of it. It could not otherwise successfully be created or set up. About that fact bankers have no doubt—none of them. And these same bankers to whom the hon. member for Beauharnois referred, tell me that there are not in this country the trained minds to set up a central bank. And there is not one of them, I challenge the hon. gentleman—not a general manager in this country—but who will say that.

Mr. MOTHERWELL: Rough on our bankers.

Mr. BENNETT: Not a bit of it.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. LAPOINTE: Before this amendment is put to a vote I should like to congratulate the hon. member for Beauharnois (Mr. Raymand) not only upon his proposal but upon the argument he put forth in its support. I might say that the remarks of the Prime Minister (Mr. Bennett) at the opening of his speech do not lessen in any way the value of the proposal and argument of the hon. member for Beauharnois. It is unfortunate that an hon. member cannot suggest something of this kind without being charged with arousing prejudices. As far as I am concerned, I intend to support this proposal in spite of the charges made.

What is wrong with the proposal? The bill provides that the directors of this bank must be Canadians; the shareholders must be Canadians, and the hon. member for Beauharnois is simply asking that the same principle should apply to the governor and deputy governor. Section 14 of the bill gives supreme authority to the governor. No decision of the board of directors can have any value unless it is approved by the governor; he is the supreme master. Surely when such powers are being given to an institution, powers such as were mentioned this afternon and are enumerated in the preamble, it should not be considered as extraordinary to ask that these officers should be Canadians. Is there anything new in this proposal? My right hon. friend referred to nationalism in connection with this matter, but I should like to refer him to a book entitled Central Banks by Kisch and Elkin. In looking through this publication I find that the charter of the national bank of Yugoslavia provides that the governor and deputy governors must be subjects of the Kingdom of Yugoslavia and reside in Belgrade. In Italy, all the members of the board, the general manager and his deputy must be Italian subjects. In Germany, the president and the members of the managing board must be Germans. The same provision will be found in the charters of other central banks, and such a provision is not unreasonable in connection with this bank.

We are vesting in this institution powers which concern the economic life of our country. It is to look after credit, currency, employment and practically everything concerning our economic life. We are even giving to the bank certain powers which are now in the hands of the government. We are taking from the government certain powers which are very important and placing them in the hands of this institution. Under these circumstances, I think that any self-respecting people would see that the men who are to have supreme control over such an institution should be citizens of their own country. Any-

one who makes such a proposal to the House of Commons of Canada should not be charged with arousing prejudices. I do not think my right hon. friend was serious when he compared this matter with the fact that Mr. Taschereau of Quebec had stated that before a lottery was set up he would have someone in France acquainted with the operation of lotteries come over and advise him. I have no objection to the governor or the board of directors of this bank calling for expert advice from England or anywhere else, but I do object to the governor or the deputy governor of this bank not being Canadians. When my right hon. friend stated that this central bank probably would have to do business with the Bank of England, the Bank of France, the Bank of Italy and other banks, he was offering a strong argument for the appointment of a Canadian and not someone from the Bank of England. As the bill now stands, I assume it would have to be a gentleman from the Bank of England because he must be a British subject. I do not see where my right hon. friend could get a governor with sufficient experience except from the Bank of England, but I still contend that the governor and deputy governor should be Canadians. There are Canadians who are qualified for these positions just as they are qualified to be prime minister of Canada.

Mr. RINFRET: I am sorry to have to prolong this debate, but in a few words I desire to place myself on record as being in favour of this amendment. May I say in all sincerity that I was amazed to find out this afternoon that at least some part of a speech of Mr. Taschereau had convinced the Prime Minister (Mr. Bennett). Apparently the speech as a whole did not mean much to him, but he took a few sentences which suited his purpose in connection with this bill. I agree with the opinion of the Minister of Justice—

An hon. MEMBER: The former Minister of Justice.

Mr. RINFRET: —the former Minister of Justice (Mr. Lapointe), and the future Minister of Justice, that there is no comparison to be made between the organization of a lottery in Canada and this very important institution. It might as well be said that because we import coaches to teach cricket to the sportsmen of this country, or, as has been the habit lately, American coaches for rugby, this would be an argument in favour of the governor of the central bank being a British subject. He would probably be from England and this bank would be an annex of the Bank of England.

In a further section it is provided that the governor, the deputy governor and the assistant deputy governor are to be appointed for seven years. It is true there is a reservation that the first governor may be appointed by the government for a shorter period; but if I am to judge by the remarks made this afternoon by the Prime Minister, and if we are remiss in anything connected with central banking operations in Canada, I am very much afraid that what the Prime Minister has in mind is not only to appoint a man from Great Britain to be governor, but that very likely he will allow his term to run the full period of seven years, as provided in the bill. This concerns not only the governor but also the deputy governor and the assistant deputy governor. So that this is not going to be a central bank of Canada but rather a branch in Canada of the Bank of England.

Mr. CASGRAIN: The Bank of England in Canada.

Mr. RINFRET: If we deal with banks in other countries we shall therefore be in a very humiliating position when it is found that the representatives of this country on the central bank of Canada had to be imported from somewhere else because we have no one in Canada who could undertake the duties.

The hon. member for Beauharnois (Mr. Raymond) has quoted from the commission which led to the establishment of this bank. I am quite convinced that we have in Canada bankers who are fully equipped to undertake the work. They might be advised by experts, as suggested, but it is not so much the technique of central banking that is important as it is the influence that will be vested in these gentlemen; and I think that influence should remain wholly Canadian. The Prime Minister has said that the bankers themselves have suggested that there is no one able to take the position.

Mr. CASGRAIN: There is no evidence of that.

Mr. RINFRET: Well, I know of many bankers in Montreal who would advise the Prime Minister to drop the bill altogether. But he will take the advice of such bankers as suits his purpose, in the same way as he has culled a few sentences from Mr. Taschereau's speech because they happen to suit him. He will not pay any attention, however, to anyone except those who advise him to do the very things that he has defied them to do before taking their advice. We are

taking the proper stand to-night and I congratulate my good friend from Beauharnois on his amendment. If there is any institution in Canada that should be Canadian, that institution in my opinion is the proposed Bank of Canada; otherwise Bank of Canada is a misnomer and will lead us nowhere. Personally, owing probably to my environment in Montreal, I have no strong faith in this institution, but that faith will be weakened if I find that it is not a Canadian bank at all but merely a branch of a bank in some other part of the empire.

May I point this out further without any desire to offer personal criticism. I think that if this amendment had not been moved the house would not have been aware that the Prime Minister had already decided not to appoint a Canadian to the position. That is very much the case with this government in many other instances; unless they are pressed by our opposition we are not told what certain measures actually involve. In this instance, if it were only that it brought out a clear statement from the Prime Minister that he would not appoint a Canadian banker to the position of governor, I think the amendment was worth while and I hope that the committee will vote affirmatively on it. Indeed, it deserves exactly the same vote as the one we had this afternoon on the introduction of another bill; we should be unanimous in our desire that the governor of the central bank should be a Canadian.

Mr. MACKENZIE (Vancouver): The four speakers on this side who have previously spoken in favour of the amendment are all from the province of Quebec. I assure the committee that, coming from British Columbia, I am in full accord with the amendment moved by the hon. member for Beauharnois (Mr. Raymond). And I speak not only as a western Canadian but as a Scottish-born Canadian when I say I have no desire to tie up the Bank of Canada as an apanage of the Bank of England.

Mr. McINTOSH: You are no colonial.

Mr. MACKENZIE (Vancouver): There were two gentlemen of the Bank of England —Messrs. Kershaw and Fisher—who accompanied the Macmillan commission on its travels throughout Canada. After the mission was completed a dinner was given for Lord Macmillan in Canada House in England and very significant statements were made there in regard to the future governance of the Bank of Canada and the dominance of Bank of England policies in our Canadian bank.

Mr. BENNETT: That is not correct. Just read what was said.

Mr. MACKENZIE (Vancouver): I am quoting from Hansard, page 1319.

Mr. BENNETT: From what?

Mr. MACKENZIE (Vancouver): From Hansard, to which reference had been made.

Mr. BENNETT: The hon. gentleman made a statement in regard to what was said in Canada House. I ask him to read it.

Mr. MACKENZIE (Vancouver): I shall be glad to produce the press extract on a future occasion for the benefit of the Prime Minister.

Mr. BENNETT: The hon. gentleman's statement is not correct.

Mr. MACKENZIE (Vancouver): These two gentlemen, I say, accompanied the commission throughout Canada. They were never mentioned in the press nor were their activities heralded, and so far as I am concerned I want this Bank of Canada to be a Canadian-controlled bank and Canadian-directed, by a Canadian. My right hon. friend made the cry of Canada first ring from shore to shore in this dominion in 1930. So far as this Bank of Canada is concerned, I say Canada only and all for Canada. The right hon. gentleman this afternoon mentioned some statement of Premier Taschereau in regard to lotteries.

Mr. BENNETT: With regard to statistics.

Mr. MACKENZIE (Vancouver): Statistics—

Mr. BENNETT: And lotteries.

Mr. MACKENZIE (Vancouver): I took down the Prime Minister's statement as he spoke and I shall be borne out by Hansard, that he used the word "lotteries" in connection with the quotation he made in this house. He said that Premier Taschereau had imported someone from another country to advise him.

An hon. MEMBER: Would import.

Mr. MACKENZIE (Vancouver): Would import. Now, I agree with the Prime Minister in this, that if there is necessity for technical experts in connection with the Bank of Canada expert advice should be given, and we will support him to the limit in getting from the Bank of England or the Bank of France or any other central bank all the technical advisers, at good salaries, who are necessary for the inauguration of the Bank of Canada. But we do say that a bank that is

going to control $107,000,000 of the people's gold; a bank that is going to take over $40,000,000 from the private banks of Canada; a bank that is going to have securities amounting to $63,000,000, on which the taxpayers of Canada are going to pay $1,800,000 a year in interest; a bank that is going to take over deposits of chartered banks at five per cent; a bank that will have a total asset value on the day it opens its doors of over $300,000,000, is an institution over which no Englishman or Scotchman or anyone else but a Canadian should be in control.

Mr. MITCHELL: I am an English Canadian and proud of the fact, but I do not think that nationality should enter into the question. I think the soundest approach is the practical approach. I do not care where we get the first governor of the Bank of Canada so long as he knows his business. I would like to know where civilization would have been were it not for a good Frenchman by the name of Pasteur. I have kicked around this world quite a bit. I remember a Scotchman who was chief of a dockyard in Singapore out in the East Indies. If I recall correctly, on one or two previous occasions the late Sir Henry Thornton was criticized because he was a naturalized British subject. He was brought from Great Britain to this country because it was considered that he was one of the greatest railroad men in the world, and I believe the former Liberal government was absolutely sound in that appointment no matter what opinions there may be to the contrary.

I would like to point out to the committee that one of the directors of the Bank of England at the moment is a good Canadian by the name of Peacock, and the people of this country should be proud of him. I am not unmindful of the possibility that there may be an effort by the Bank of England to dominate this country financially, but that problem lies squarely upon the doorstep of the Canadian people and we should not permit any such thing to happen. In our approach to this problem on the basis of high policy, might I say, we should get the best man procurable, and if it is necessary to go to Great Britain, let us go there just the same as we did in connection with the Canadian National Railways.

I have heard in debates in this house criticisms of the national railways of this country, but I think it has been one of the fundamental driving forces that has placed Canada in the position in which it is to-day. I am not inclined to agree with those who say that we have overbuilt in the matter of railways.

If you read the history of the situation of European countries to-day, you will find that the fact that they are infinitely worse off than we are has been brought about largely by lack of transportation. I make that observation because I think we should approach this problem on a high plane, having in mind the fact that the bank is being established and if it is necessary to go to England for the first governor I do not see any objection to doing so.

Mr. BENNETT: I feel I must make one or two observations. In the first place I did not say to-day that a Canadian would not be appointed governor; I said that there was no Canadian among the bankers of Canada at present qualified to be appointed governor, and I was so informed by the bankers themselves. It does not follow from that that a Canadian will not be appointed and will so acquire knowledge to carry on the functions of his office. It is unfortunate that we should be asked to accept an amendment which would prevent the appointment to that position of a man like Mr. Peacock, assuming that he would be available, a man who went from Canada, trained in London, became a director of the Bank of England, and yet under the amendment moved by the hon. member for Beauharnois (Mr. Raymond) could not be appointed. In the same way nobody else who had been born in Canada and gone elsewhere to acquire his training would be available. This would be the same as saying that you cannot take as president of a university of this country any person other than someone who lives here, the same as saying that your doctor, the man you consult with respect to your own physical condition, must necessarily be a Canadian and nothing else.

Perhaps I have as high an opinion of Canadians as have most men, and I know as much of their attainments and qualifications. When I made the observations I did this afternoon I made them in the light of exact knowledge of qualifications and attainments of members of the banking fraternity who would be available for the position. I endeavoured to make it clear to the committee it well might be that a Canadian might be appointed if he had sufficient time to acquire the necessary knowledge and information to discharge the duties of governor of this bank, but in any event he would have to be assisted by someone who had knowledge.

It seems to me that it is not an edifying spectacle in dealing with a situation of this kind to have the suggestion that we should by law enact that men of the type I mention

should not be available for the position and that willy-nilly, fit or unfit, failure or success, we should take for this position men whose residence in Canada would be the sole determining factor if they were good bankers although they knew nothing of central banks. In other words, you do not consult a doctor when you desire to be advised on a question of law, and you do not consult a lawyer when you desire to improve your physical condition. When it is necessary to appoint someone for the purpose of discharging the duties of governor I can only assure the committee that the appointment will be a man who will be well able to discharge those functions, and he must necessarily have knowledge in the first instance. It is no good talking about technical assistance and advice, because there must be under those circumstances one with knowledge with the deputy governor and the assistant deputy governor to enable the business of the bank to be carried on. Every sentence that has been uttered here during the last few minutes magnifying the importance of the office is at the same time a striking illustration of the necessity of having the best man possible available.

I mentioned in the committee what has been reported to have been said by the late J. P. Morgan when he came back from Europe when it was suggested that New York should become the money centre of the world. He said that first of all it was necessary for them to get the men to do the job. They speak of the Bank of England and the advice given to it. Who is one of its advisers? A distinguished American who advised the United States on the matter of the federal reserve bank and things of that kind. There were English and French advisers.

Mr. MACKENZIE (Vancouver): Advice—we agree with that.

Mr. BENNETT: You cannot advise a man who knows nothing of a matter; he has first to learn something of the rudiments of central banking. You do not appoint a doctor to the bench; you appoint a lawyer; you do not appoint to the position of professor of physiology an eminent lawyer. Banking is a special branch of human endeavour; it is disposed of very simply under two heads. First, we have the commercial banker and, second, the man who has knowledge of central banking. That knowledge can be derived only from countries where there are central banks. I resent very bitterly the observation made in the house that this bank is being created to be an adjunct to the Bank of England. Why is that statement made? There is not the slightest evidence upon which to found it. Why do they say it? Why is that statement being made in this country? Show me a shred of evidence upon which to found it? Why did the hon. member for St. James (Mr. Rinfret), a former mayor of Montreal, say in this chamber that this bank is to be a branch of the Bank of England? What is the purpose of saying that without a shred of evidence? Why did he say it? I ask him why he said it. The country wants to know why he said it. Why do other hon. gentlemen say it? Why did the hon. member for Vancouver Centre say it?

Mr. MACKENZIE (Vancouver): Because these two gentlemen travelled on the commission.

Mr. BENNETT: That is, the fact that these two gentlemen were members of a commission appointed to study the banking situation in this country and to assist in digesting the evidence taken, is evidence that this bank is to be a branch of the Bank of England. Imagine a member of the legal profession saying that. When the leader of the opposition (Mr. Mackenzie King) was asked by the Rockefeller Institute to go to the United States to advise in certain matters, was there any question about that?

Mr. LAPOINTE: We heard about it many times.

Mr. CASGRAIN: During the election they played politics with it.

Mr. BENNETT: That might well be, and it is quite obvious then why this is now being said with respect to this other matter. After Lord Macmillan returned to the old country a dinner was given to him by the Canada Club. The hon. member for Vancouver Centre said, in Canada House; it was not in Canada House. That is mistake number one. Secondly he said that the speeches made at that dinner indicated that this bank was subject to the domination of the Bank of England.

Mr. MACKENZIE KING: The Prime Minister said I was asked to advise by the Rockefeller Institute; it was the Rockefeller Foundation, not the institute.

Mr. LAPOINTE: Another mistake.

Mr. BENNETT: Well, as long as it was something that bore the name Rockefeller that is sufficient. I corrected that statement only for the purpose of directing attention to the fact that on the return of the chairman of that commission a dinner was tendered to him by the members of the Canada Club, the

oldest of the Canadian clubs in England, and the speeches there, as reported in the London Times, did not indicate that there was any suggestion on the part of anyone that there was domination of the situation by the Bank of England. And Mr. Fisher and Mr. Kershaw, to whom reference has been made, were men not sent by the Bank of England but men whom Sir Charles Addis and Lord Macmillan asked to accompany them to act as digesters of the evidence. That is all. There was no secret about it; I saw them here. They were present at the final dinner given to Lord Macmillan by myself. I asked other hon. gentlemen to be present and they were there; they know the speeches that were made on that occasion. I say to this committee that I regard it as a terrible thing to think that this country cannot put on the statute book provision for a central bank without having members rise in this house and say that it is intended to be an adjunct to the Bank of England. Is that an economic argument or just a political argument? Is it intended to serve any useful purpose or to create prejudice? Does it advance anything, does it serve any purpose except to create prejudice in the minds of the people, to say that this bank is to be a branch of the Bank of England?

Mr. MACKENZIE KING: May I ask the Prime Minister, when throughout the general election he spoke continuously of Canada first, was he appealing to prejudice or to patriotism?

Mr. BENNETT: The answer is very simple; he acted upon what he spoke. What is more, the report of the speech made by the right hon. gentleman in Barrie, Ontario, when for the sake of appealing to the few descendants of British settlers in that community he said that Mr. Bennett was talking Canada first, was that calculated to advance the relation between communities?

Mr. MACKENZIE KING: Half a dozen times that misstatement has been corrected in this house and yet it is repeated. Why does the Prime Minister continue to thresh old straw?

Mr. BENNETT: But I say I do stand for Canada first, on all occasions. And what is more, in the centre of the empire I made my position clear. About that there need be no uncertainty, because I believe I can best serve the British Empire by serving that dominion of it in which I live, namely Canada. I believe that is the best way it can be done. I said this afternoon, and I repeat it, that I left with the then Prime Minister a memorandum saying that I believed that Sir Henry Thornton was eminently well qualified to be the head of our Canadian railways. Without hesitancy I say that. I had just returned from London and I left that memorandum with the then Prime Minister. That does not in any sense indicate that I have not full confidence in Canadians. I think it was the right hon. gentleman himself who once said that at least on a question of brains there was no boundary line between countries.

An hon. MEMBER: Internationalism.

Mr. BENNETT: That is not a question of internationalism, it is a question of countries requiring the services of men specially qualified. Sir William Osler did much to establish Johns Hopkins; other eminent Canadians have done much in the realm of medicine in other lands. Canadian lawyers have made great places for themselves on the bench in other countries. Men from Great Britain have attained to high places in the banking world, and we are now told that these men should not be selected for any position here because they do not live here.

Now the distinction between directors and governors is so simple that it does not require much discussion. The directors, from the very nature of things, have to be Canadians, for this is a Canadian bank. It might well be that the qualification as a British subject will be the only qualification that will ensure either one of the three positions being filled by some person with the requisite experience to give this bank a start. How about the great banks established in this country in the early days; how many of them were started by men born outside of this country, the men who founded and established them and made them what they are? If the law now proposed had been in force they could not have held their positions.

Mr. POWER: They had their interests in Canada.

Mr. BENNETT: No, they were brought here to take the positions.

Mr. POWER: The Bank of Montreal?

Mr. BENNETT: I did not say the Bank of Montreal; I said great banks established here in the early days. I could name great Scotsmen—

Mr. MACKENZIE KING: That was the colonial period.

Mr. BENNETT: That was not the colonial period by any means. And as we make progress we have to call upon those who are

British subjects. The hon. member for Quebec East referred to Italian subjects, German subjects, we say British subjects. Since when has it been an offence to be a British subject? Since when is it an offence for any Canadian institution to be able to draw upon the great reservoir of knowledge that is in the centre of this empire with respect to international banking?

Mr. SANDERSON: That was not the policy of the Prime Minister in the election of 1930.

Mr. BENNETT: No man in this committee can point to any utterance of mine that favoured placing any embargo upon brains being utilized from any country.

I continue to point out that section 6 is essential for this bank to function. I desire in the most unequivocal terms to say that no relation, direct or indirect, understood or otherwise, by implication or in any other way, between the Bank of England and the proposed Bank of Canada, is possible. The Bank of England is a great central bank and it discharges great functions with all the banks of the world. It will have to do business with the Dominion of Canada, but there is no question of suzerainty, no question of subordination, no question of control. I just want to ask this committee one question: Having heard the ex-mayor of Montreal (Mr. Rinfret) say he was opposed to a central bank and that if I asked the opinion of those who were bankers in Montreal I would not proceed with the establishment of a central bank, is he unmindful of the fact that his own party was committed to that policy? The difficulty is that he cannot understand any party preparing a bill and submitting it to this parliament that involves just what is involved in this bill for the good of the Canadian people regardless of what the great financial interests of this country may say. That is the real difficulty. All you have to do is to read the first few pages of the book by Kisch and Elkin to find exactly why this afternoon I put it to this committee that a government controlled bank does involve political intrigue, as they point out, and one of them at least is regarded as one of the most outstanding authorities in the world on the subject. Such influences lead to chaos and disaster. That is the way he puts it. We have seen an example in this house since three o'clock of what would happen if this had been a publicly owned bank.

Mr. RINFRET: Inasmuch as the Prime Minister (Mr. Bennett) has directed some remarks—

Some hon. MEMBERS: Order.

Mr. RINFRET: Possibly I may be allowed to reply right away to what the Prime Minister has said; as the right hon. gentleman made reference to me, I think it is only proper that I should reply.

I will say in the first place that the very heat displayed by the Prime Minister shows that he at last realizes the importance of the question raised this afternoon by the hon. member for Beauharnois (Mr. Raymond), because I have noticed from past performances that the less secure the Prime Minister feels about some attitude or measure the more likely he is to try to drown us under the waters of his indignation. When he points to me and wants to put questions to me because I took the stand in this house—I did it very briefly—that we might perhaps have a Canadian governor for a Canadian bank, and thinks he is going to embarrass me by having me explain to the country why I feel that way, well, my reply is that when we get to the country—and we would like to go there very soon—he will have to explain much more than I shall about this very measure.

I did say, Mr. Chairman, that I do not feel very strongly myself in favour of a central bank, and that in Montreal quite a proportion of the people feel the same way. But my right hon. friend did not understand my argument properly. He said he was following the advice of bankers in not appointing a Canadian governor of this bank.

Mr. BENNETT: I made no such statement.

Mr. RINFRET: The great embarrassment, in replying to the Prime Minister, is that we can never stop him at a certain point. I appeal to the committee if the Prime Minister did not state that on the advice of bankers he was aware that there was no Canadian able to fill this position, and my retort was that if he followed the advice of certain bankers he would not have this bill at all. That was all. There is no reason to get up in the air because of that; it is a well known fact.

My right hon. friend seemed to be under the impression that the hon. member for Vancouver Centre and myself were the only ones to have any suspicion that this bank might be regarded as we suggested. Let me tell him that in Montreal it is current rumour on St. James and Notre Dame streets that this bank is intended to be an adjunct of the Bank of England. I am not speaking for myself; I am saying that this is the

common opinion expressed on the streets of the city of Montreal. I want to be kind to the Prime Minister, because I have a very high regard for him. The best way to dispel that suspicion which exists not only in the minds of the hon. member for Vancouver Centre and myself but also in the minds of a great number of people in this country, would be to appoint a Canadian governor. If my right hon. friend will do that he will wipe out that suspicion. I am not raising any prejudice; I am being kind enough to bring that prejudice to the attention of the Prime Minister. I am giving him a chance to make good before this bill is adopted. Really I think the Prime Minister is ungrateful for the very kind advice we are giving him to-night.

Mr. MacINNIS: As a native-born Canadian and I assure the committee it was an accident as far as I was concerned—I think it is very poor statesmanship to take up the time of the committee with a question of this kind. This afternoon we were discussing whether the central bank should be owned nationally or privately, and the question came to a vote. One of the arguments against public ownership and control was that politics might enter into it. I do not hold with that argument, but I believe those who brought it forward could exhibit this discussion as proof that the argument was good.

What is the purpose of the national bank? I think the intention is to use it to improve the economic life of this country. Then if by importing, if you like, a governor and a deputy governor from somewhere else, we can do the job better than we can do it ourselves —I am not saying that would be necessary— for goodness sake let us leave it open to the government to take advantage of that opportunity if it does become necessary. We want the very best administrator it is possible to get; if we have to get that administrator from somewhere else, let us bring him here to help us out. Many of us have gone to Rochester and consulted the Mayo Brothers when we were ill. Surely if we have done that we should not protest against getting the best advice possible in a matter of this kind. My only fear is that the bank may be used for the further exploitation of the people of Canada, as the private banks are used already, and if I am going to be exploited I am not particular whether the exploiter lives in Montreal or in London, England. From the evidence that has been given before the price spreads committee I notice that they can exploit the people in Montreal and Quebec as well as they can in London.

Arts and sciences are international, and to-day the science of banking is as exact as many of the other sciences. We should get the best and most efficient management possible regardless of where it comes from. The only thing on which we should be definite is that when these people come here they should be our servants and do what we tell them to do.

Mr. BOURASSA: It is to be regretted that on a matter of this importance and after practically the whole house has committed itself to the principle of this bill, a tone of passion should be introduced in dealing with this particular section. I suppose one must remember that we are very close to various provincial elections that have raised passions and the temper of parliament, and perhaps this debate is a forerunner of future speeches to be made in the federal arena. Being altogether disinterested, however, I venture to express an opinion entirely foreign to party considerations and, may I add, to racial considerations as well. I will deal immediately with the argument advanced by the hon. member for Vancouver South (Mr. MacInnis), which to a certain extent coincided with the argument of the Prime Minister (Mr. Bennett), that we should look first and exclusively to the matter of competence, and that national considerations should not be considered.

If that is the case, Mr. Chairman, why limit this to British subjects? If we substitute imperial nationalism for Canadian nationalism I do not see that we have reached our objective, because we may find in the United States, in Germany, in Italy or in Japan a man more competent to organize a central bank than any British subject at our disposal. If we confine it to British subjects it is because we consider that from a British point of view we should exclude the foreigner. But in order to maintain this institution in its proper character, as an intermediary between Canada and Great Britain and between Canada and the United States in financial matters, I think it is highly important that the directing head should be a Canadian. So far as technical advice is concerned I agree with the hon. member for Quebec East (Mr. Lapointe). No one would blame the government for looking for the best experts to be found. I would go this length with the Prime Minister, that probably he would find in the Bank of England or the Bank of France, or perhaps even in the United States, some experts already familiar with the technical business with which this bank will have to deal.

But there is another aspect of the question. This bank will have practically supreme control over the economic activities of Canada. If it is important that the head of such an institution should be familiar with affairs in England or the United States or elsewhere, it is at least equally important that the same head should be very familiar with the affairs of Canada and should know the situation of the various classes in Canada. What is the present economic situation of agriculture, of industry, of trade in Canada? What are the present needs of the various classes of producers in Canada, in their dealings with the foreign world? I think the first duty of the governing body of this institution will be, in the very words of the Prime Minister,—words which I applauded when he uttered them and which in my heart to-day I still applaud—that the first duty of this governor and his board of directors will be to think of Canada first.

I can quite imagine, and it is even plausible, that if you borrow a gentleman from the Bank of England who has the traditional competency and sense of honour that those great English bankers have, most likely he would endeavour to consider his first duty was to Canada. But human nature is there. It has been well said that all the men who have been in the employ of such institutions as the Bank of England or, in the old days, the Hudson's Bay Company, or, in France, the Bank of France, are so imbued with the spirit and traditions of those great institutions that if they go out and serve other institutions they transport with them the spirit of the Bank of England or the spirit of the Bank of France. That is a well known fact, and it is to the great honour of those institutions, that they have instilled such a spirit in the minds and habits of their servants. But I repeat, from our Canadian point of view, in order to establish a proper kind of relationship either with the Bank of England or with the great financial institutions of the United States, is it best for us—is it even best for Great Britain—that an Englishman should be appointed governor to stand at the head of this Canadian institution? I do not think it is. I repeat, I do not think it is. I think that by force of influence, even with the most honest intention on his part to consider himself, at least for the time being, a servant of Canada, instinctively he would continue to have at heart the interests of the country he left, his country of origin, and of the great institution in that country of which he may have been a servant. Because if we want to borrow the most competent men in England we must take them from where they have acquired that competency for the managing of a central bank, and that means from the Bank of England.

To show that this was not out of the mind of Lord Macmillan and his English associates I shall point out one part of the Macmillan report. In the appendix to the report, in which there is drafted a skeleton of what the central bank should be, there is a short paragraph which struck me at once, innocent as I am of all technical knowledge in those matters, as a very dangerous one. Paragraph 13 stated:

> The bank should maintain a proportion of twenty-five per cent in gold and foreign exchange against its outstanding note issue and sight liabilities.

It immediately struck me that if the bill to be introduced by the government contained such a disposition with regard to the reserve, it would have enabled our central bank to export the whole of our gold either to London or to New York in exchange for foreign values. Everybody knows that the great struggle in the last fifteen years,—during the war first, but especially in the last fifteen years—has been between the Bank of England, the Bank of France and the Federal Reserve bank of the United States to control gold, to exchange for gold foreign issues or the issues of their own countries in order to accumulate as much gold as possible and thereby to dominate the financial situation of the world. Under a clause such as the one I have quoted, a board of directors, under the direction of an English governor, may well have been tempted, and perhaps for excellent reasons from the governor's point of view, to export the whole of our gold to London in order to strengthen the hand of the Bank of England and the British government, because in national matters the Bank of England and the British government mean the same thing. Although it is not officially a state owned bank, yet, with its old traditions of patriotism, and of service to the state, the Bank of England is as much, and perhaps more, a national institution than would be, in a country like this, a bank with a board of directors chosen by the government. So far as that is concerned, I do not know how I would have voted, but I think I should have been inclined to vote with the government against the appointment of directors by the government.

It will be the governor and the deputy governor who will rule this institution; let there be no mistake about that. The directors will be the advisers and will probably give

a small portion of their time, but they will be devoted to other enterprises. The governor and the deputy governor will be the soul and body of this institution. Therefore, under those circumstances, I insist on what I have said, and I do not speak from a narrow nationalistic viewpoint which, in matters of this kind, should be set aside. The world is suffering too much from extreme and narrow nationalism. I might say that I for one, who for years and years have preached nationalism, have renounced it. I have not renounced the basic principles of nationalism, but I deprecate the practice of nationalism as it is propounded to-day in almost every country in the world. But, as between an extreme and narrow nationalism and the abandonment of all safeguards in the interests of the nation, of its economic life, of its policy,—because, unfortunately in these days economics dominate policy—we should not lay down the principle, first, that Canada is not capable of producing men to put at the head of an institution like this, and secondly that we have to go outside of this country but remain within the circle of the empire to find men to rule an institution which will have to deal—I hope always in friendship and amity—with the Bank of England or with the financial institutions of the other portions of the empire.

We know history and we know human nature. Occasions may present themselves whereby it may become the duty of this institution to resist the influence of the Bank of England, and perhaps to come to terms—I will not say an alliance—but to terms of understanding with other foreign institutions in order to resist the domination of the Bank of England, just as the Prime Minister himself and just as some of his predecessors, including Sir John A. Macdonald and Sir Wilfrid Laurier, to name only two of them, at times had to refer to outside influences to counteract the influence of the British government which wanted to impose upon them certain tenets of policies or certain measures of practical administration, especially in dealings with the foreign world. The so-called civilized world is dying from the fact that questions of money, questions of trade and questions of industry are at the forefront. The so-called civilized humanity and christianity have forgotten all the great principles which should govern national as well as international relations. But taking facts as they are, we must at the present time acknowledge the predominating influence of money, of national and international trade, of relations between consumers and producers, of balance of trade between countries. If by a closer understanding with Great Britain and the other British dominions we can better the financial and economic conditions of this country, and help them to better their own conditions, well and good. But surely it is not by putting a Canadian at the head of this institution that we could endanger our good relations with Great Britain. I agreed with the Prime Minister when he stated in London that he stood for Canada first. I do not say I agreed with the concrete proposals he put before the English people; but with the pronouncement he made at that time I fully agreed, and I applauded him as I applauded when his illustrious predecessor Sir Wilfrid Laurier made the same statement. I applauded him as I applauded his more immediate predecessor, Mr. Meighen, when on the question of the Japanese treaty he told the English government that he would not consent to a renewal of that treaty because it would be against the interests of Canada. It is the duty of every prime minister of Canada to stand for Canada first, as against England, against France or any other foreign country, provided he does not do that in a narrow spirit of selfish nationalism.

We are now creating the most important instrument in our economic life. We are endeavouring to centralize the forces of money and to bring our private banks under such discipline as will make them serve the interests of the country in preference to the interests of their shareholders or clients. Now that we are endeavouring—I do not say in a perfect way—to give some form of cohesion to our economic life, are we going to lay down the principle that the positions at the head of this most important part of our administrative machinery and organization are to be excluded to Canadians because a few bankers have stated that they do not think there is a Canadian competent enough? I do not ask the Prime Minister to betray any secrets, but it may be that the suggestion arose from the fact that the majority of the bankers do not want to see one of themselves at the head of this institution, because he would know too much about their trade. Perhaps that had something to do with the suggestion made. I believe that if all the directorships of all the private banks of Canada were abolished, many of those bankers would find themselves quite competent to direct the only bank that would remain. I do believe that this was the thought in the minds of the banking advisers of the Prime Minister; but I do not think he should give way to that advice.

As far as the technical advice is concerned, he is quite right. He would receive the

approval of every true Canadian if he secured the best possible expert advice, either from England or elsewhere. If on that account he were attacked by French Canadians for not giving them enough positions in the bank, or by Ontario, British Columbia or any other section of the country, I should be the first to defend him. This is probably one of the reasons why the Prime Minister refused to make this a politically governed body. Let this board, with the approval and help of the government, import or invite from England —preferably from England because of the similarity between that country and Canada— or from elsewhere, the best advice obtainable. From a Canadian point of view, from a broad British point of view, from a sensible point of view in the interests of the Canadian people, I cannot agree with the idea expressed by the hon. member for South Vancouver (Mr. MacInnis) that this is similar to a consultation of the Rockefeller Institute by a sick man who wants advice. Neither do I think that the Prime Minister was true to himself when he quoted a portion of Mr. Taschereau's speech. Mr. Taschereau is an extremely clever man. I think the two ablest men we have in Canada at the present time, even with all their defects, are the Prime Minister of Canada and the Premier of Quebec. I really believe that, but should they begin to take arguments from one another, then I would distrust them. I would be in great disquietude about Canada if that were to happen. It is a good thing that they are opposed to one another.

We have Frenchmen, we have Germans, we have Norwegians in the public service of Canada. In the Department of the Secretary of State it has been necessary to employ foreigners in connection with naturalization matters; but would the Prime Minister appoint a foreigner or an Englishman in Doctor Skelton's place? Would the Minister of Justice (Mr. Guthrie) appoint an English lawyer in the place of his deputy? No, they would not, because in matters of this nature, apart altogether from a man's ability, he must know the real conditions of the country in which he lives and for which he exercises his powers. The responsibility of the governor and the deputy governor of this bank will be to Canada, and they should know first the conditions which prevail in Canada. They should have a sufficient knowledge of financial conditions the world over; they should take the best advice possible to obtain, but their main responsibility is to the Canadian people.

Amendment (Mr. Raymond) negatived: yeas, 37; nays, 79.

Mr. POWER: I was paired with the hon. member for Muskoka-Ontario (Mr. McGibbon). Had I voted, I would have voted for the amendment.

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

Mr. RALSTON: I was paired with the Minister of Finance (Mr. Rhodes). Had I voted, I would have voted for the amendment.

Mr. VALLANCE: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted, I would have voted for the amendment.

Mr. HANBURY: I was paired with the hon. member for West Kootenay (Mr. Esling). Had I voted, I would have voted for the amendment.

Mr. TOTZKE: I was paired with the hon. member for Fraser Valley (Mr. Barber). Had I voted, I would have voted for the amendment.

Mr. HOWARD: I was paired with the hon. member for Grenville-Dundas (Mr. Casselman). Had I voted, I would have voted for the amendment.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted, I would have voted for the amendment.

Mr. LAPOINTE: I was paired with the Minister of Justice (Mr. Guthrie). Had I voted, I would have voted for the amendment.

Mr. BOTHWELL: I was paired with the hon. member for Hastings-Peterborough (Mr. Embury). Had I voted, I would have voted for the amendment.

Mr. WILLIS: I was paired with the hon. member for Lisgar (Mr. Brown). Had I voted, I would have voted against the amendment.

Mr. MICHAUD: I was paired with the hon. member for Charlotte (Mr. Ganong). Had I voted, I would have voted for the amendment.

Mr. SPOTTON: I was paired with the hon. member for Mackenzie (Mr. MacMillan). Had I voted, I would have voted against the amendment.

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

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

Mr. LARUE (Translation): I was paired with the hon. member for Vaudreuil-Soulanges (Mr. Thauvette). Had I voted, I would have voted against the amendment.

Mr. BARIBEAU (Translation): I was paired with the hon. member for Provencher (Mr. Beaubien). Had I voted, I would have voted against the amendment.

Mr. DORION (Translation): I was paired with the hon. member for Lotbinière (Mr. Verville). Had I voted, I would have voted against the amendment.

Mr. DESROCHERS (Translation): I was paired with the hon. member for West Essex (Mr. Robinson). Had I voted, I would have voted for the amendment.

Section 6, paragraph (a), agreed to.

Paragraphs (b), (c), (d) and (e) agreed to.

Section 7 agreed to.

On section 8—Tenure of office.

Mr. COOTE: I have an amendment to propose to subsection 2. As it stands, this subsection reads:

> The first governor, deputy governor and assistant deputy governor shall be appointed and their salaries shall be fixed by the governor in council and thereafter appointments shall be made by the directors with the approval of the governor in council.

It seems to me that not only should the first governor and deputy governor be appointed by the governor in council but that their successors should also be so appointed. My reason for urging this, even though the committee has decided against public ownership, is that a certain section of the bill provides, as nearly as I can remember, that no resolution of the directors shall have any force or effect until approved by the governor of the bank. That gives the governor very great power, and this bank being in the nature of a national institution, I think the governor in council should appoint the governor and deputy governor. I move therefore that section 8 be amended by striking out the present subsection 2 and substituting therefor the following:

> The governor, deputy governor and assistant deputy governor shall be appointed and their salaries shall be fixed by the governor in council.

As amended, it provides simply for government appointment.

[Mr. Johnstone.]

Mr. BENNETT: I am sorry we cannot accept the amendment. The proposal by which the deputy minister becomes a member of the board without a vote meets, I think, the situation to which the hon. gentleman refers, and the relationship between the government and the bank is sufficiently established to enable the bank to veto if it does not agree with the selection of the directors, and it would then select someone else. I rather disagree with what the hon. member for West Edmonton (Mr. Stewart) this afternoon suggested, that directors do not exercise a great deal of influence. The fact is that directors do select the president and the executive officers in all the various corporations of the country. I am sure the hon. gentleman as a director takes part in all matters that affect the wellbeing of western Canadian loans in connection with the affairs of the Canada Life. I am sure he is not unheard; he must be. And so far as this is concerned, it is proposed that the directors shall exercise the same power and select their own governor, but it must be subject to the approval of the governor in council in order that there shall be observed that measure of continuity indicated this afternoon, without impairing the control of the directors over the executive officers of the bank. I was glad when it was arranged that the deputy minister should become a member without a vote, and this amendment would serve no useful purpose. It cannot therefore be accepted.

Mr. STEWART (Edmonton): What particular control would the governor in council have? If they exercised it, it would be against the decision of the board. After having delegated to the board all those powers which in my opinion should be retained by the governor in council, they would be in an unhappy position if they refused to accept the decision of the board.

Mr. BENNETT: It is for that reason that the arrangement contemplates the deputy minister being a member of the board.

Mr. STEWART (Edmonton): Without a vote.

Mr. BENNETT: Yes, without a vote; so that there would be a clear understanding in ninety-nine cases out of a hundred as to what action the board might propose to take.

Mr. STEWART (Edmonton): I am sorry I cannot agree with the right hon. gentleman.

Mr. BENNETT: In my happier days I never saw an occasion on which the question

of the appointment of executive officers was determined by directors, when the matter was not well understood before the vote was actually taken. Yet I never saw any surprise manifested by anyone in respect of a matter of that kind. I have never known a board to propose that I should be president unless I knew about it and had expressed my willingness. The appointment of the deputy minister leaves no room for any possible difference, shall I say, between the government and the directors which would make for trouble. Having given the matter some little thought, I think the happy suggestion that the deputy minister should be a continuing member of the board without a vote overcomes the difficulty.

Mr. STEWART (Edmonton): May I mention an incident that occurred in the government of Sir Oliver Mowat, who appointed a certain minister without portfolio. This minister was a Frenchman and he called on one of his supporters, who was a Highland Scotchman, and said, "The county has conferred a great honour upon me; I have been appointed a minister without portfolio." The Scotchman replied; "Yes, that is very true. You have been invited to the table but you have no plate."

Amendment (Mr. Coote) negatived on division.

The CHAIRMAN (Mr. Stirling): An amendment has been proposed by Mr. Howard, seconded by Mr. Hanbury, in the following terms:

That the following section be inserted after section 8 in Bill No. 19, and that the sections of the bill be numbered accordingly:

"The minister may at any time give notice by mail to the registered holders of the capital stock of the bank, or their legal personal representatives as the case may be, of his intention to acquire all outstanding shares of such capital stock not then held by the minister; and upon a date to be specified in such notice and to be not less than two months after such mailing the minister shall, upon receipt of the certificate or certificates of such shares, duly endorsed for transfer to the minister, pay to each such holder the amount then paid up on such stock plus any cumulated dividends thereon apportioned up to such date together with a premium of ten per cent on such amount so paid up. Concurrently with such mailing or in the next issue of the Canada Gazette thereafter, the minister shall publish in the Canada Gazette a copy of such notice addressed to all such registered holders and from and after such publication all the rights of the registered holders of such stock, except the right to receive such payment, shall be vested in the minister."

Mr. HOWARD: I might say just a word in explanation of this. I have already expressed my opinion on the subject, but I hope the Prime Minister will accept this amendment and I say so for this reason: it does not in any way change the principle of the bill; it provides simply a means without using force, if at any future date it is decided by parliament that it would be better to have a government-owned than a privately owned bank as is provided at present, whereby to call in the shares. I am placing the premium at ten per cent. If the stock was fully paid up, this means in the case of a shareholder who has subscribed for the stock and paid up $100, if the government so decided the minister would be authorized to take in the stock and pay him $110 a share and he would be obliged to surrender the certificates. There is not any change. This will not violate any of the Prime Minister's principles as I see them, and I trust he will accept the amendment. If it is never used, all well and good, but if at any time in the future the necessity should be seen of taking in the stock, this amendment provides a legitimate decent way of taking it in, and the people will know this when they are subscribing for the stock.

Mr. SPENCER: Mr. Chairman, you have before you an amendment I suggested covering somewhat similar ground. It was rather shorter and I should like to read it for the consideration of the committee. It reads:

The minister may at any time call in the shares of stock held by the several shareholders on paying therefor the price at which such shares were issued by the minister, together with three months' interest.

It seems to me that these two might be discussed at the same time because they cover the same subject. I am prepared to support the amendment of the hon. member for Sherbrooke.

The CHAIRMAN (Mr. Stirling): The amendment before the committee is the one moved by Mr. Howard.

Mr. BENNETT: The government cannot accept the amendment of the hon. member. It would be fatal to put into the hands of the minister any such power as this. It may be that parliament in its wisdom may decide otherwise, but the policy as it now is has been decided, and in that regard my hon. friend was referring this afternoon to the opinion of Kisch and Elkin. In their book entitled Central Banks it seems to me they put the matter very concisely. They say:

Monetary policy should be independent of political contingencies and the surest way to

secure this result is to place the control of the note issue in the hands of a bank. . . . Central banks have more and more come to be looked upon as analogous to large public trusts and less and less as departments of state.

Then there is a chapter in which they deal with the matter at some length and give the reason why the conclusion which I mentioned to the committee this afternoon should be adopted by central banks. I take it that this is the reason most central banks are based upon the principle to which I alluded. This is another way of overcoming that principle and placing in the hands of the minister a power which it may well be this parliament might conclude should be exercised. When it does so, well and good. To exercise it in that manner, it might be, just as is said by these authors, that exigencies of political circumstances might bring about that condition and the minister might take the action indicated. I suggest that the hon. member realizes that, if the bank were functioning in the manner indicated in the bill and suddenly this action were taken, the dislocation that might follow might be very great.

Mr. HANBURY: To the shareholders only.

Mr. BENNETT: Not to the shareholders. There would be no dislocation to them; on a four per cent investment most of them would be very happy to get $110. I am speaking about the dislocation of the business of the country when a banking institution which is founded upon one set of principles has them suddenly changed in the midst of a year at the caprice of any government, whatever that government might be, with all the results that might follow to the credit of the country. The government regrets it cannot accept the amendment. I shall not discuss the matter further because it was discussed in the committee at great length and voted down there, and I trust the same action will follow here.

Mr. STEWART (Edmonton): I rather dislike the suggestion of the Prime Minister that all the wisdom lies within the ranks of the Conservative party. They are responsible for this bill; they are putting it over by a majority which they possess at the present time; minorities apparently count for nothing here, and if we are any judge of what the people in this country are thinking the government does not represent public opinion in Canada to-day. To say that because they happen to be in authority at the present time and can by their majority impose upon the minority that at present exists here their opinion which will be perpetuated by a majority in another house, creates an embarrassing situation. In 1921 I had some experience of having to face an adverse majority in another chamber that had control so far as legislation is concerned, and I rather resent the statement made just now by the Prime Minister.

Mr. BENNETT: What statement is that?

Mr. STEWART (Edmonton): The statement that we must beware of sudden fluctuations in political thought in regard to legislation that is now being imposed upon the people of Canada. That is what I resent. It seems to me that we are drifting a long way from democracy when one parliament cannot change the opinion of another when public opinion decides that it has lost confidence in the particular party as it did in 1930. In that case did we attempt to perpetuate our opinions? We did not. Hon. gentlemen opposite have had the opportunity and not only in this but in many instances they are seeking to fasten upon Canada the opinions they possess without any chance of the elected representatives of the people being in a position to change those opinions. That is what I object to and I object to the statement of the Prime Minister in regard to this particular clause as I have objected in many other cases. Surely the people of Canada are entitled by their voice, by their votes, to change any legislation which in their opinion is not in their best interest. To say that because you happen to be in power and possess a majority you are going to perpetuate for at least seven years or until such time as another chamber will have changed its complexion in conformity with public opinion—

Mr. MORAND: You should have abolished the Senate while you were in.

Mr. STEWART (Edmonton): I am willing to take my chance, but in the light of my experience I must speak my mind on this occasion. It is not fair for this government, as they have done on many occasions, to make it impossible to change legislation except by a vote of both houses of parliament, thus perpetuating policies that we object to very strenuously. In my opinion when the public do have an opportunity to deal with them they will speak with no uncertain voice.

Mr. COOTE: The bill as it stands now certainly leaves every possibility of a deadlock between the government and the authorities of the central bank if there should be a difference of opinion in regard to the monetary policy to be followed. It seems to me that this amendment is simply to safeguard the

supremacy of parliament. In case of a difference of opinion parliament must be supreme. I think the suggestion is a very fair compromise on the question of public ownership, because it leaves it in such a position that at any time parliament or the government is satisfied that the policy of the central bank is not in the best interests of the country the government can then secure control of the bank simply by exercising the right to buy up the shares, and no harm is done to the shareholders if a fair price is fixed. I think this may be regarded as a reasonable compromise between those who believe in public ownership and those who think that the central bank should be a private institution.

Amendment (Mr. Howard) negatived: yeas, 40; nays, 61.

Mr. SPENCER: I was paired with the hon. member for Athabaska (Mr. Davies). Had I voted I would have voted for the amendment.

Mr. RALSTON: I was paired with the Minister of Finance (Mr. Rhodes). Had I voted, I would have voted for the amendment.

Mr. HOWARD: I was paired with the hon. member for Grenville-Dundas (Mr. Casselman). Had I voted, I would have voted for the amendment.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted, I would have voted for the amendment.

Mr. STEWART (Edmonton): I was paired with the Minister of the Interior (Mr. Murphy). Had I voted, I would have voted for the amendment.

Mr. IRVINE: I was paired with the hon. member for Glengarry (Mr. McGillis). Had I voted, I would have voted for the amendment.

Mr. LARUE (Translation): I was paired with the hon. member for Vaudreuil-Soulanges (Mr. Thauvette). Had I voted, I would have voted against the amendment.

Mr. DESROCHERS (Translation): I was paired with the hon. member for West Essex (Mr. Robinson). Had I voted, I would have voted for the amendment.

Mr. SPENCER: As we have been informed that the amendment just negatived gives too much authority to the Minister of Finance, and as the Prime Minister says it is up to parliament to do what in its wisdom it sees fit, I am going to move the following amendment:

That section 17 of Bill No. 19 be amended by inserting the following as subsection 17 (a):—

The minister may at any time with the authority of parliament call in the shares of stocks held by the several shareholders on paying therefor the price at which such shares were issued by the minister, together with three months' interest.

This puts it up to parliament—the Minister of Finance with the authority of parliament behind him.

Mr. MORAND: Parliament has always had that authority.

Mr. JACOBS: We do not need that; parliament always has the authority.

Mr. BENNETT: I think that amendment is out of order because it implies something which is always the prerogative and right of parliament, namely to take such action as it may think desirable in the premises.

The CHAIRMAN (Mr. Stirling): I call the attention of the hon. member to the fact that he is proposing to deal with section 17 and we are dealing now with section 9.

Mr. SPENCER: I think we are on section 8. It goes to section 8.

The CHAIRMAN (Mr. Stirling): Do I understand the hon. member to wish this to be an amendment to section 8?

Mr. BENNETT: As I understand it the hon. member is suggesting this as section 8 (a).

Mr. SPENCER: Yes.

Mr. BENNETT: I raised the question whether it is in order, because it says, "with the authority of parliament" the minister shall do something, and tries to indicate how he shall do it. That power is incidental to parliamentary institutions. If the minister is so authorized by parliament in the future, that action will be taken. This only anticipates that parliament may hereafter take action which it always has the right to take in any event.

Mr. HANBURY: If the hon. gentleman will make his amendment to read that the House of Commons may do so, I will support it.

Mr. IRVINE: While it may be perfectly true that parliament may at any time take such action as the amendment provides, it is surely clear that parliament at some future

time cannot take action that will fix the conditions under which public ownership might be effected. In other words if and when parliament should decide to have public ownership, it will probably be argued very forcibly that it would be taking advantage of the shareholders who bought stock in this bank in good faith to take it out of their hands. But if we include now the condition provided by the proposed amendment, no shareholder could at any time object to the taking over of the institution when parliament may see fit. I can understand hon. members being opposed to public ownership at the present time, but I do not see why we should take the attitude that public ownership is going to be forever an impossibility. If the time should come that parliament desires to take control of this institution, the proposed amendment would make it easier for that to be effected. I think that is the real purpose of the amendment.

Amendment (Mr. Coote) negatived on division.

Section agreed to.

On section 9—Provisional directors.

Mr. RALSTON: I want to propose an amendment to this section, which provides for the appointment of the board of directors. I think in view of what was said this afternoon by some hon. gentlemen that it should be understood clearly that any statement to the effect that as the bill stands, this is to be a publicly controlled bank is not strictly in accordance with the facts. This bank, as this act stands at present, is not publicly controlled. There have been repeated statements in the press to that effect; some such statements have been made in this chamber this afternoon. Under this act every dollar's worth of shares of this bank may be owned by individuals in Canada. Its directors are ten in number, seven of whom, according to section 9 to which we are now directing our attention, are appointed by the shareholders, the people who get together $5,000,000 with which to buy shares and who have no public responsibility of any kind or description. The remainder of the board is made up of the governor, the deputy governor and the deputy minister of finance. The governor in the first instance is appointed by the governor in council, and after the expiration of his first term is appointed by the directors subject only to the approval of the governor in council. The deputy governor in the first instance is appointed by the governor in council, and after the expiration of his first term is appointed by the directors subject to the approval of the governor in council. The tenth director is the deputy minister of finance, who is entitled to attend the meetings of the board but not to vote. Let me say that the provision with regard to the deputy minister of finance was moved in committee by those of us on this side of the house who felt that there was no attempt whatever by the government to have any supervision over the actions of the board of directors. It now appears as subsection 2 of section 5. To summarize: Seven directors are to be appointed by the shareholders; two are to be appointed or subject to the approval of the governor in council, and the tenth is to be the deputy minister of finance, who has no vote at all. The amendment I am now proposing is a considerable modification of that provision, and in view of the fact that the committee have refused the amendment providing for government ownership this amendment is designed to endeavour to do the next best thing, and ensure governmental or public control. The provision is an exceedingly modest one, but it is along the line of central bank charters in other countries, to some of which the Prime Minister referred this afternoon. In effect the amendment proposes that four of the seven directors may be elected by the shareholders but that three of the directors must be appointed by the governor in council. These three, along with the governor and deputy governor, who in the first instance are appointed by the governor in council and who after that time are subject to the approval of the governor in council, thereby form a majority of the board. Under the amendment as proposed the seven directors are appointed for what I might call staggered terms; that is to say, so many are retired each year and so many appointed in their place. This provides for continuity of administration and it also provides against the possibility of one government or one party perpetuating the board. This is a sincere endeavour to provide that, along with the directors appointed by the private interests there shall be a public interest majority in the directors' room. As I have said, Mr. Chairman, this is only proposed as the next best thing to government ownership.

This afternoon, in making the references he did, the Prime Minister seemed entirely to miss the point as to the importance of the functions of this institution which is being constituted by this bill. He seemed to think of this as some sort of little department of government which was being established; or, less than that, some sort of private institution,

something which would carry on business for the purpose of profit. In his remarks my right hon. friend indicated that it was exceedingly difficult for a government to make appointments. Therefore, forsooth, because it was difficult and disagreeable, and because my right hon. friend or whoever occupied that position had to take into consideration certain matters which are always constant in Canada and which exist in connection with any public appointments made by any government anywhere, my right hon. friend asked to be rid of the responsibility entirely.

I do not think the house has ever listened to a more complete abdication of the job of prime minister and of governing this country than this house listened to this afternoon from the right hon. gentleman. He might just as well have suggested that because it is difficult to appoint postmasters, deputy postmaster generals, superintendents of post offices and so on, therefore we ought to hand over the post offices to private shareholders, let them run the post office department and let us just take a share of the profits. He might as well have suggested that the Department of National Revenue be farmed out to some board or some private individuals who would subscribe for stock; that they be given the power to tax, that this country receive a certain percentage of the receipts and that the remainder should go to the private institution. Why? Because it is difficult to make appointments and because one has to consider so many things in connection with making appointments to the public service. That is nothing new; it has existed since the day sixty or seventy years ago when Joe Howe said, "Take away patronage and I will stay in power for fifty years." There always will be difficulties in making public appointments, but that does not excuse my right hon. friend in the slightest for declining the responsibility which I submit is his and the responsibility which rests on this government to see to it that the currency and credit system of this country is preserved under the control of the people of this country, and administered by the government.

Some members of the committee suggested a little while ago that the board of directors has not much power anyway. As my right hon. friend quite properly apprehended, and as he said in answer to that hon. gentleman, the board of directors has more power than perhaps hon. gentlemen think. It is true that the governor and the deputy governor, with one director, form the executive, but it is also true that the executive submits its actions to the board of directors. Further than that it is true that under the act itself there are many important powers vested in the board, and hon. gentlemen must remember that as section 9 of the act stands at present seven of the nine directors who are to perform the functions to which I shall refer are appointed or elected by the private shareholders. The board of directors appoints the governor, the deputy governor and the chairman of the board, subject to the approval of the governor in council. In other words the governor in council is powerless to appoint a governor or deputy governor, after the first appointment, without having such appointments initiated by the board of directors. That is a rather important power to invest in private shareholders. In the second place the board of directors, and nobody else—not the governor—initiates the increase of capital. In other words, unless parliament changes this provision, there can be no increase in capital without first the action of the board of directors. In the third place, and perhaps the most important, the suspension of the twenty-five per cent gold backing, which is laid down here as the basis for the note issue of this central bank of Canada—the initiation of the suspension of that requirement for that ratio is left with the board of directors of the central bank, seven of whom are selected, as the Prime Minister is pleased to portray, by private interests, who are not influenced by racial prejudice, sectional differences, the colour of a man's hair, or anything of that kind—seven men nominated by people who have no other interest in this bank than the fact that they are getting four and one-half per cent. They are the ones who elect the seven out of the nine on the board who will decide as to the ratio of gold backing for note issue of the Bank of Canada, which may go up to over $400,000,000. They are the ones who make that decision, or at least who initiate that decision. Nothing can be done by the governor in council or by the minister until that decision has been first made by the board of directors.

Further than that, they initiate the extension of the suspension. They may initiate an extension of suspension of that ratio to extend for a period of one year, and without their initiation there can be no such suspension. Further than that—and this also is most important—when the question comes up as to what amount shall be paid to the consolidated revenue fund of Canada they are the ones who decide what provision is to be made for all debts, what provision is to be made for depreciation. They are the ones to decide what is left for the purpose of paying over to the consolidated revenue fund,

or to put to rest. Those are the rather important functions of the board of directors, and the amendment which I propose is to provide that a majority of that board shall be at least under the control of or subject to the approval of the governor in council.

What are the functions of the bank? The hon. member for Quebec East (Mr. Lapointe) went over them this afternoon as they appear in the preamble to the bill. But the functions are these—and they are set out not only in the preamble to the bill but in the report of the royal commission. They are to provide for the maintenance of national sovereignty over credit and currency. Paragraph 206 of the Macmillan report is as follows:

> In the first place, from a national point of view, the central bank, within the limits imposed by law and by its capacities, should endeavour to regulate credit and currency in the best interests of the economic life of the nation and should so far as possible control and defend the external value of the national monetary unit. In the second place, from the international point of view, the central bank by wise and timely cooperation with similar institutions in other countries, should seek, so far as may lie within the scope of monetary action, to mitigate by its influence fluctuations in the general level of economic activity. . . .

Then, paragraph 207—and imagine giving this power to a board of directors seven out of nine of whom are appointed by private shareholders:

> A central bank is at the same time an instrument and a force. As an instrument it is the means by which the state—which must necessarily retain ultimate sovereignty in matters affecting the currency—can give effect to the national policy. . . .

I submit, Mr. Chairman, that the Prime Minister and whoever drafted this legislation, and, with all due deference, some of the commissioners who made the suggestions which appear as a schedule, have for a moment forgotten that after all this is a state function, that the control of credit and currency is the biggest and most important public utility in the economic activities of the Dominion of Canada. I am not one who necessarily champions public ownership at all times and in all places, but I say there are certain things which should be under public ownership, or public control and certainly the very first and most important of those is the institution which controls, which guides and which directs the whole economic life of the dominion.

The function with regard to credit and currency is exercised, as has been said repeatedly, by making advances under the section of the bill which provides that this bank may make advances to banks by way of loans, is entitled to purchase securities, and, to a large extent, the quantity of credit available in Canada, ought to, if this bank is properly regulated and properly run, depend on the rediscount rate and operation of the bank. That is the first method of controlling credit. The second way in which it is done is by open market operation whereby the bank may go out into the market and purchase securities, if it is found that it is necessary, in order to regulate the market, to control the price of money, or to go through the reverse process, and sell them. Those things require people who are first imbued with the point of view of the state, with the point of view of the national interest, with the point of view of public service, and not the control of seven out of nine men who are simply elected as ordinary directors by private shareholders. That board of directors must act as the trustees for the nation, and they are by no means a board of directors in the ordinary sense of the term.

And then we come to the other function, which is just as important, and perhaps more important—and I know the Prime Minister is particularly cognizant of this—the function of endeavouring to maintain the value of our currency internationally, the function of seeing how our gold and currency holdings shall be regulated—because after all, these are the most important things if we are going to have exchange stabilization, and heaven knows that this country needs exchange stabilization in view of our hoped for export trade. I say those things are vital and I say that this power should not be vested in a board of directors seven out of nine of whom are elected by private shareholders.

My right hon. friend has mentioned precedents. Let me give him a list of countries—

Mr. BENNETT: They are already on Hansard.

Mr. RALSTON: Let me give him a list of countries—and with all due respect, as I understand it, this list was not put on Hansard. I am giving a list of the countries where there is all government control or government control by a majority. I refer to Australia and Finland. My right hon. friend did not mention the United States.

Mr. BENNETT: He did mention it afterwards.

Mr. RALSTON: Would my right hon. friend permit me to continue? He did not mention it as a government controlled system, but he mentioned it as a privately owned system. The United States reserve bank is a bank owned bank, but it is controlled by a

reserve board which is appointed by the United States government. They are the ones who determine the matter of advances.

Let me go further. The United States, Sweden—another one which is all government controlled—Latvia and Norway. Russia is controlled through the public commissioner, and then there is Spain. Then we have those where there is a mixed board, but with government control, such as in Bulgaria, Italy, Japan, Switzerland and New Zealand. My right hon. friend has said that we can take some lessons from the rest of the world. These are rather important countries who have felt that government control wholly or by a majority was desirable on their boards. And this brings me to the Dominion of New Zealand, which was the last country to adopt a central bank, and whose legislation has at least to some extent been copied in the bill before us to-night. Let me ask my right hon. friend to bear in mind that New Zealand has exactly the system of control which I propose here. New Zealand has privately owned shares, but New Zealand at the same time has a majority of government control on the board. In New Zealand there is a governor and a deputy governor appointed by the state on the recommendation of the board. There are four directors appointed by the shareholders, two to be actually engaged in farming and two in industrial or commercial pursuits; another three are appointed by the state, and the secretary of the treasury is a member of the board without voting power. As the Prime Minister has said to-day, it would be worth while for us to consider the experience of other countries. New Zealand is well known to be a country which studies economics pretty carefully. New Zealand has gone into the matter thoroughly and has come to the conclusion that government control is the proper thing. I think we would be well advised, outside of the arguments I have endeavoured to put forward, in following the example of New Zealand.

Let me come back again to the argument of my right hon. friend with regard to political control. He heard an address delivered the other day by the Right Hon. Stanley Bruce. We enjoyed his hospitality although he was not present in person. An address was delivered by the Right Hon. Stanley Bruce in connection with the Commonwealth bank of Australia and the work which had been done there. That bank is owned by the people and there is no suggestion of political interference of any kind. The governor stood up to his work and I think it is largely due to his efforts that Australia now finds herself in the situation of being on the right side of economic recovery. That is what a government controlled bank did. No doubt the government of Australia feared the same difficulties which the right hon. gentleman fears and apprehends in connection with appointments, but that institution has carried on successfully. After all, I think these are largely imaginary lions in the path. The right hon. gentleman has never had very much difficulty in making appointments when he had to make them. We did not approve of them all but he has always taken the responsibility for them and I think he should be quite prepared to again take responsibility. While it may have appeared to be frankness on the part of the right hon. gentleman to discuss this matter of control, let me say here that I challenge him and I challenge any hon. member to find a single case, either in a Liberal or a Conservative administration, where the treasury board of Canada, which has practically as much power as this central bank will have, has shown the slightest evidence of partisan or political control or has been influenced by political considerations in administering the Finance Act. There has been no suggestion of that kind; party politics have played no part.

I submit to my right hon. friend that he might well accept the amendment which I suggest. As I said a minute ago, it is a very modest approach towards what I think there should be in this country, a government owned bank. If we cannot have a government owned bank, let us have government control in the way I have suggested. I submit that it is vital in the interests of this country that the monetary financial and currency systems should be under such control. This bank will have $117,000,000 worth of gold when it is revalued and it will be able to authorize the issue of $468,000,000 in currency. I submit that that is too much power to give to a little group of men who are to be elected by the citizens all over the Dominion of Canada who are able to scrape together $5,000,000, with which to purchase shares in this bank. I submit that this is abrogating the sovereign rights of this dominion and it is practically flying in the face of the principles laid down in the Macmillan report, the recommendations of which we are trying to follow here. I repeat that this is a public utility of the greatest magnitude and importance, and the citizens of Canada should not relinquish control of its administration to any group of private citizens.

Mr. BENNETT: Mr. Chairman, the arguments made by the hon. gentleman are the same as those he made in the committee

except that he has been pleased to make certain observations with respect to myself which he did not make in the committee because I was not there. The fact is that it was not on the grounds of difficulties that I stated that this bank should be one of the character it is; I put it on the grounds of efficiency and effectiveness. I indicated the difficulties which stood in the way of its being efficient if it were publicly owned. I explained to the best of my ability just what those considerations were, but when the hon. gentleman quotes from the report of Lord Macmillan and Sir Charles Addis, I think he should say also that they recommended this type of bank.

Mr. RALSTON: I think my right hon. friend is wrong about that. I have heard it repeatedly stated in committee by hon. members on the other side, as well as outside the committee, that the supplement to this report was merely by way of suggestion and was not in any sense a recommendation. We have been told that repeatedly when we relied on some of the suggestions made there for the arguments which we put forward. If my right hon. friend says that it is otherwise, we accept his word.

Mr. BENNETT: I shall be very glad to substitute "suggested" for "recommended." The suggestion was made that it should be a bank of the character I have indicated.

Mr. RALSTON: With this exception, that both Mr. Brownlee and Sir Thomas White dissented. There were three to two.

Mr. BENNETT: I said that Lord Macmillan and Sir Charles Addis had suggested this form of bank. At first I said "recommended" but I now use the word "suggested."

The hon. gentleman has now drawn an acute distinction between ownership and control. This afternoon I gave to the committee a list of the central banks in the world, whether privately owned, publicly owned or partly privately and publicly owned. I now observe that the hon. gentleman draws a sharp distinction between ownership and control. The question of ownership has been settled, as we have voted upon that. The next question is that of control, and I venture to say that there is no bank among all those I have indicated in which there is such complete public control of any privately owned organization as there is in this. I shall try to substantiate that by tracing the exact situation as it will be. First, there will be a board of directors representing the shareholders and involving private ownership. Second, of that board of directors, seven will be elected by the shareholders while three, the governor, the deputy governor and the deputy minister of finance, will represent the crown. The deputy minister of finance will have no vote. Third, the governor will be appointed by the governor in council; he will be the nominee and appointee of the crown, of the people. Fourth, when his term of office expires, his successor cannot be appointed unless he is acceptable to the crown.

Mr. RALSTON: Or unless the seven directors—

Mr. BENNETT: Unless he is acceptable to the crown. The statute says that he must be approved by the governor in council. There can be no appointment by the seven directors that is not approved by the crown. Let there be no doubt about that.

Mr. RALSTON: And the reverse; there can be no appointment by the crown unless approved by the seven directors.

Mr. BENNETT: I need hardly mention that the cardinals elect the Pope, but under a former dispensation, Austria had the power of veto. That power has been exercised twice within a century and there was no election. That is this case. There is no election until the crown approves.

Mr. STEWART (Edmonton): Surely my right hon. friend is not arguing that the governor in council can go against the selection of the board?

Mr. BENNETT: I state distinctly and positively that the power of veto rests with the governor in council. Let there be no misapprehension on that. We have that power and there can be no governor who is not acceptable to the people as represented by the government of the day. What is the next point? There can be no by-laws or resolutions passed by the board of directors which are not acceptable to the governor. Section 14 provides for that.

Mr. RALSTON: The governor cannot make any without the approval of the board of directors.

Mr. BENNETT: If the hon. gentleman would listen instead of just engaging in talk it might perhaps be better. I listened to his remarks without making any observations. I am going to express the whole case and not make a special plea, as was done a few moments ago, on a particular part, leaving some matter of substance out. If the com-

mittee will take the trouble to read section 14 they will find these words:

> No action or decision of the board of directors, or of the executive committee, shall have any effect unless the same is concurred in by the governor, or in his absence or incapacity, by the deputy governor.

Mr. RALSTON: That is an amendment which I moved; it was not in the original bill.

Mr. BENNETT: But it was to be in the original bill. I will state quite frankly that those responsible for the bill had some hesitancy in believing that the committee would accept it. I cannot be too grateful to my hon. friend for suggesting it, and I say that to him frankly, because it was endeavoured to be brought about, namely, a control by the crown as representing the people. I have traced now, up to the final act, that there can be no by-laws, no resolutions, no decisions with respect to all these matters mentioned. Think of it—depreciation, profits, matters of that kind. Why could not this committee have been told that they are subject entirely to the governor in council through the governor? The governor, notwithstanding what may be said, is to be the supreme power; he is manager of this institution. In the very nature of things he is charged with responsibility, and when it is said that these seven men can issue any amount of paper money they like, I say, they cannot do it without the approval of the governor, and the governor is the man who is approved by the governor in council. Therefore the governor in council's man must be satisfied before any question can arise as to the twenty-five per cent coverage, or any question as to gold, any question as to depreciation, or any question as to profits. No conclusions can be arrived at unless the governor of the bank approves; and that governor, as I pointed out, is only such person as the government of the day approves, and no one else.

Under those circumstances, looking through the volume of Kisch and Elkin that deals with central banks, I find no statute in any country that gives such complete and absolute control, as distinguished from ownership, of any central bank as this one does—complete and absolute, regarding which there can be not the slightest doubt.

The hon. gentleman said I treated this transaction as one of a little state department dealing with a few dollars. Well, I make no boast, but I think I know as much about this central bank bill as any member of this committee; and, what is more, I say that, but for the determination of this government, the pressure from sources indicated by the hon. member for St. James, the ex-Mayor of Montreal (Mr. Rinfret), and from other parts of this country, would have seen to it that there was no central bank that was a real central bank. And when he suggests, as he did, that I do not know what this bill means or contains, I am perfectly content that he should make the suggestion that I was trying to treat this as a little picayune side-wind of the government.

Mr. RALSTON: My right hon. friend will find no such expressions of any kind or description. As usual, he is setting up a straw man to knock him down.

Mr. BENNETT: I did not suggest that he used those words, but he said this afternoon that he was amazed at the way the Prime Minister had treated the measure, that he had regarded it apparently as some little branch of government and not a great institution that will deal with all these important matters that so greatly concern the country. Well, I am always willing to learn, but I have nothing to learn from that quarter with respect to this bill. I have given more time and attention to this matter than the hon. gentleman has done, great though his attention to it has been. But, as I said a moment ago, both the government and I are deeply grateful that section 14 is there in the terms in which it is, for I could indicate to him the discussion and the efforts to place the question of public control beyond peradventure, to maintain the principle of all great countries whose experience indicates private ownership and public control. I ask any member of this committee who has studied the matter to point to any country in the world in which public control is so absolute in terms, so clear in ensuring the application of the principle of the people controlling the institution.

I will not trespass longer upon the time of the committee because the arguments were answered by the Minister of Finance in the committee. At times one wonders whether or not any good purpose is served by discussions that take three months in committee. All these suggestions have been made, all these amendments we have had this afternoon have been considered—that is, in terms, not in detail—and conclusions arrived at by recorded votes which appear in the minutes of the committee. I will therefore do no more than point out, as I have done, that the supreme power, so far as it is possible to have supreme power and free it from political con-

trol, is vested in the governor in council; and the dangers and difficulties which were pointed out by others, all those peculiar difficulties, we have endeavoured to escape in the manner I have indicated, following the principles laid down by various countries in dealing with the situation.

New Zealand, it is true, has established a central bank. When I was in London at the economic conference last year I gave much attention to this central bank question and discussed it with representatives of the various countries. New Zealand was then discussing the establishment of a central bank, and they were good enough to show us the statute they proposed to enact, and told us of the difficulties they had to encounter. Now New Zealand has launched its bank. It has a capital of half a million pounds divided into shares of five pounds each, and control of the bank with regard to directors is as the hon. gentleman has indicated. The first governor has in point of fact been named and the bank has begun to function. The islands of New Zealand, with a population which is either more or less, I am not sure, than that of the island of Montreal, are dealing with problems that are somewhat different from ours, though there is some essential likeness between the two. And as regards Australia, I wonder whether the hon. gentleman has for the moment forgotten the acute difficulties between the bank and the government with respect to currency matters. Does he realize that it was not the directors of the bank that did it but the governor, Gibson, who made possible the achievement of the supremacy of the governor over the forces that were against him? Now, adjustments, compromises and readjustments have taken place in connection with that matter. The bank came into being as a public bank, owned by the state.

Mr. RALSTON: A commercial bank.

Mr. BENNETT: Yes, under a Labour government, for the purpose of competing with the chartered banks as it did and as, to some extent, it still does in certain branches of its activities. It became a central bank at a later date, but there was no change of ownership, naturally, by reason of that fact. They have been extremely fortunate in connection with the appointment of governors, and those who have read its history, or heard it as a matter of fact from the distinguished former Prime Minister of Australia, who was here the other day, know something of the difficulties which they experienced and the way in which those difficulties were overcome. Those who know all this will realize the importance that attaches to the office of governor.

If I have learned anything from the discussions that I have had and the inquiries I have made, it is as to the desirability of clothing the governor of the bank with the widest possible power. There must always be somewhere some authority who speaks with absolute certainty on problems connected with central banks, and the governor is that person. The governor, in the very nature of things, is clothed with authority not customary in the case of any chairman or any executive officer. For instance, none of our chartered banks, in the persons of their presidents, exercise any such authority or power as may be exercised by the governor of the bank. It is well known that the presidents of our chartered institutions could not for a single moment be permitted to have conferred upon them the power that rests with the governor of the bank. It is related that during his lifetime the late Mr. Harriman secured that the by-laws of the Union Pacific were in such terms that all powers not required by law to be exercised by the shareholders should be exercised by the directors and all powers not required by law to be exercised by the directors in meeting were to be exercised by the president—and he was president. Something of that character may be said about the governor of this bank, the governors of all central banks. All the powers that the shareholders have in general meeting are practically conferred upon the directors, and all powers that the directors have are in terms, unless by law required, vested in the executive committee.

We have further the provision in clause 14 that notwithstanding all the actions that may be taken by the board of directors, all the resolutions they may pass, all the conclusions at which they may arrive, they have no possible effect unless they are approved by the government. I would therefore submit that to the extent of my reading there is no other bank in which you find wider powers of public control conferred, absolute control by governor in council, than there is in this particular case.

There is only one further observation I think I should make. The hon. gentleman said that the Finance Act had practically all the powers of a central bank. I am certain he did not mean that; I am certain no one knows better than he how contrary to experience and fact that is. It was indicated, I think in evidence, that under the Finance Act what happened is that the treasury board once or twice a year, usually once a year, authorizes

the extent to which borrowings under that act may be made by chartered banks and determines the values to be placed upon securities deposited for the purpose of securing that credit. The maximum of the line of credit was, so to speak, indicated in respect of each bank. I remember reading in the house in answer to a question the line of credit the various banks could secure under the provisions of the Finance Act by reason of a minute of the treasury board fixing that amount and the values to be placed upon the securities lodged for the purpose of enabling currency to be obtained. I hardly think the hon. gentleman would suggest that that is at all comparable with the powers of a central bank

He says that there was never any political interference. In the nature of things the way in which this power was exercised brought about the very conditions that necessitated a central bank. I wonder whether the hon. gentleman has studied closely the operations of the Finance Act. In the light of the experience of this country from the time that act first came into being as an emergency measure to the present time there is just this outstanding fact: there never was in a time of great speculation when there was an enormous volume of currency in this country any effort on the part of the treasury board, because it did not deal with that side of the matter, to control credit and stop speculation. All you have to do is to look at the borrowings and the relation of the Finance Act to the circulation of the country to realize the necessity of a central bank, and I quite agree with what the hon. gentleman said that the rate of rediscount becomes of tremendous importance. When the Bank of England and the Bank of France ran their discount rate up to as high as eight per cent, this was to try to put the brakes on speculation, and I am using the word in a broad sense. The Finance Act and the operations of it under the treasury board were never in the world used for the purpose of endeavouring to deal with that phase of the situation. I speak now subject to correction, but I think if the minutes of the treasury board are looked at, it will be found that not more than twice, and usually once a year from 1915 to date, there was nothing more than an authorization of credit and of the values at which securities were to be taken for the purpose of securing the credit when the applications were made.

This afternoon I was looking at a list in the appendix to the Macmillan report showing the extent to which those borrowings went. It is amazing to learn what happened, for instance, at the time Great Britain went off the gold standard. At this point I should like to correct a statement attributed to me the other day that I said that this country was not off the gold standard long after it was and I would not admit it was. I say to the committee that this country went off the gold standard on the day following the day that the late Mr. Robb sent $40,000,000 in gold to New York. I was in opposition at the time and because of certain complications I asked my colleagues in the opposition to say nothing of the matter because I thought to do so might have an injurious effect upon the country. We were off the gold standard from that time, but our gold coverage for our currency never changed since the statute was not amended. We maintained the statute in its integrity until I proposed to make certain amendments to it the other day.

Let me go a step further. Shortly after England went off the gold standard in September, 1931, I met the bankers; I was then in the Finance department and I reduced the rate to three per cent in order if possible to expand credit and meet the difficulties of a situation which then existed.

Mr. MACKENZIE (Vancouver): We were never off the gold standard so far as metallic coverage for our currency is concerned; we were off it only for the export of gold.

Mr. BENNETT: Yes. There was no free market for gold, as the books put it, and there was no coverage from that standpoint, but so far as metallic coverage for currency is concerned there was never a change.

The effect of that reduction may or may not have been beneficial; I am not expressing any opinion on that point, but the reduction in the price paid for the accommodation received under the Finance Act was for the purpose of meeting that situation. In October the high level of borrowing under the Finance Act was $24,500,000; the low being $9,000,000. In November the high level was $66,500,000, the low being $17,500,000. That indicates quite clearly that while there was an expansion or contraction of credit there was no supervision by the treasury board of that contraction or expansion. They never purported or undertook to do so; there was nobody there for that purpose. Anyone who knows the circumstances knows the chairman of the treasury board was the Minister of Finance, and there never was any effort made to deal with those problems of expansion and contraction of credit and all the questions allied to the credit problem to which the hon. gentleman referred that must be

dealt with by an efficient central bank. I do not think he intended to convey what his words, literally taken, would mean, that is, that the powers under a central bank were those which might be found in the provisions of the Finance Act. That is too far-reaching a statement to make, because there was no supervision and no control at any time with respect to matters of that kind.

We believe that by the methods we have adopted we have met the situation, and clause 14, which the hon. gentleman is entitled to credit for having suggested in the committee, concerns a matter which has given considerable thought to those responsible for the legislation. It has been said to-day that somebody must take the responsibility for it. This government takes the responsibility for this legislation. When we went into the committee we explained that as regards any constructive suggestions that might be made, if we could reconcile them to our view of what we were seeking to do we would gladly accept them. The rapidity with which the suggestion made by the hon. gentleman was embodied in clause 14 is an indication that the government wanted a supervision of that character, but we knew if we undertook to insert it when the bill was prepared what condemnation we would have received for having done so.

Mr. HANBURY: That is a very high plane.

Mr. BENNETT: That is the fact with respect to this legislation. I do not look upon this as being legislation regarding which a government must have views for the purpose of enforcing them—not at all. I have never in all my little experience with legislation approached any problem with a greater sense of individual responsibility, and I have never endeavoured to obtain information from so many sources to enable me to arrive at sound conclusions. If I have arrived at conclusions which are at variance with those of my hon. friends opposite I trust they will credit me with sincerity in my convictions, as I do them, except when they endeavour to interject politics into it. I think this far transcends purely political views. Every action that has been taken in connection with this measure has been first of all to maintain the sense of a great public trust on the part of the shareholders, to relieve this bank from any possible interference with its operations through political intrigue, to use the language of the volume to which I have already referred; secondly to ensure that there shall be continuity of policy by having one of the permanent members of the civil service, the deputy minister of finance, a permanent member of the board, so that there shall be continuous knowledge on the part of the minister, and that means the government of the day, of the operations of the bank. And thirdly, to ensure that the governor of the bank, who is responsible for its operation in the large true sense of the term, should be one who represents the government of the day. He is appointed in the first instance by the government, and there can be no appointment made thereafter that is not acceptable to the government. And no resolution or action of the board of directors of any kind, shape or form, or of the executive committee, can become effective unless the governor approves. Therefore I submit frankly, and as fully as I can from the knowledge that I possess, what little it may be, that there is no central bank to which reference can be made in a country such as this, with conditions as they are, where public control has been so clearly defined and can be easily exercised as in this bill, and at the same time maintaining what Kisch and Elkin think should be maintained, the sense of private ownership of shares, vesting in those who have them the sense of a great public trust.

Mr. MACKENZIE KING: May I ask the Prime Minister a question? If the government parts with both public ownership and public control of a great financial institution such as the Bank of Canada will be, is there not a possibility that at a time of crisis a situation might arise in which the power of this bank will be greater than that of the government itself? Might not the bank be in a position to defy the government if it so desired? I use the word "government" rather than the word "parliament" because I know the Prime Minister will say that parliament can always alter any law that has been made. But I am assuming a moment of crisis at some time of financial stress in the affairs of the country or of the world when this bank would be operating. The government has parted with ownership of the bank; it has parted with the control of the bank. It has a limited control but not the final control. Both the ownership and the control will be in private hands. This will be the great banking power of the nation. Under those circumstances is there not a possibility, assuming the government may wish to act in such an emergency, of a situation arising where the government would be less powerful in dealing with it than the corporation which it has created?

Mr. BENNETT: As a matter of fact, if the right hon. gentleman has read the history

of what recently took place in Australia, he will have observed there was a moment when the attitude of the government was at variance with that taken by the governor of the bank. Had the view of the government prevailed in that particular instance I think it is now generally conceded that the results would have been ruinous. The fact that the governor of the bank was a man of such firmness of character and determination that he carried out the plans that were made they believe was largely responsible for the success following the efforts that were made for rehabilitation at a time when the situation became acute.

To admit that there is a possibility of differences of opinion between the government and the governor of the bank is but to admit that there is always the possibility of differences of opinion. That I think may be taken for granted. That is, there might be a moment when the view of the governor of the bank and that of the Minister of Finance of the country might be at variance. That might happen. But I cannot conceive of that happening as a practical question, because with the continuous communication betwen the government and the bank, the government of the day doing what it thought desirable as conditions changed from time to time, the governor of the bank, with his wide knowledge of international conditions, his wide experience in the bank and knowledge of conditions in his own country, I should say would be perfectly willing to accommodate his views to those of the government if no question such as arose in Australia was to be considered. In Australia at one time the question involved the movement of the gold itself. It will be recalled that substantially the gold reserve was moved to Great Britain, if my memory serves me, and deposited in the branch of the bank there, to save the credit of the commonwealth at that particular moment. I speak subject to correction. Then subsequently the differences of opinion were adjusted; the governor did succeed in having his views prevail, with the result that Australia emerged from the situation. But that was a case in which it was thought at the time that the government took a rather extreme view, because of the attitude of some people with respect to certain questions of interest and other matters of that character, involving, I should say—although perhaps Australians would not like me to use the word—possible repudiation. Perhaps if I put it that way I am fair to the right hon. gentleman. I do not conceive that in this country, as I know it, that need give us such concern as would necessitate any change being made in the proposals submitted to the committee. If I did I would say so.

Mr. MACKENZIE KING: I should like to enlarge a little on what I have in mind. In the world of finance the money power, as it is termed, is of course the all important factor, a factor that many people believe is greater than the power of government itself. What I am anxious to be perfectly sure of is that the government of the day, in parting with some of the ownership of money power, as it is doing, and so completely with the control that it has of money power, to a privately owned and controlled institution which will be allied to all of the banks of the country and through them to all the financial interests of the country, is not bringing about a situation in which at some critical time should a question arise as between the financial interests in a large way and the interests of the public as represented by the government in a large way, the two might clash, and the government find itself powerless, at least until parliament could be called together, to deal with the situation. In the meantime in such a case the financial interests may have had their way in the furthering of their own interests, albeit their action might be against the public interest. I do not say they will act that way; I am quite prepared to believe that those who may be appointed will be honourable men and will seek to do what as they see it is the right thing. But with affairs as they are in the world to-day the point of view of those who think that a certain thing is right may differ very much, depending upon whether it is to the financial end of things they are looking, or to social and public ends.

Mr. BENNETT: Yes, and I think that what the right hon. gentleman has said is dealt with by Kisch and Elkin in the volume to which the former Minister of Justice (Mr. Lapointe) referred, commencing at chapter 2. There is recognition of the very fact to which the right hon. gentleman has referred, namely the power of the money interest, and it is for that reason that the conclusion seems to have been arrived at that it is safer to have the central bank a privately owned and government controlled organization than otherwise. I will not take time to read more than this:

> The tendency of the nineteenth century, particularly as regards actual statutory provisions, was somewhat to stress the control of the state over the central bank. The case of the Reichsbank may be cited as an instance of a general disposition to regard a state or semi-state bank as analogous to a state railway

system or a state tobacco monopoly. The war period exhibited in extreme terms the danger of this system. Since then the tide has set strongly against granting the state power to interfere with the functioning of a central bank.

Then follow statements about it, and the writer continues:

Central banks have more and more come to be looked upon as analogous to large public trusts and less and less as departments of state.

Then he goes on to discuss the matter with respect to many central banks. At page 18 he says:

The case for the direct intrusion of the state into the actual workings of a nicely balanced economic machine loses its force as soon as the public responsibilities and public objects of the institution are fully recognized by those responsible for its management and in the code of legal provisions or established tradition by which they are guided.

Then he inserts this paragraph:

Thus in times of crisis the bank, like many other normally independent organizations, is likely to find itself to a large extent under the influence of the government. At all other times, however, its independence is secure and unassailed. The inner history of the Bank of England is known only to those in authority, but it is probably safe to assume that the relations of that institution with the government present few difficulties that are not capable of amicable solution. The bank has in the course of years built up a body of tradition and experience directed to the public service which is unrivalled, and it may be fairly surmised that no government in this country would seriously attempt to intervene in its administration.

Then he refers to the German bank, the opening sentence of its charter being:

The Reichsbank is a bank independent of government control.

We have gone much further than that. The discussion that follows, at pages 22 and 23, with respect to banks might be worth looking at, without taking up too much time:

As long as convertibility is maintained the worst evils resulting from government intervention in banking and currency control are avoided. Doubtless the governments which have laboriously dragged themselves out of the morass of inflation will not readily slip back; nevertheless, if the control of the operations of the central bank lies directly or indirectly with the government, it becomes fatally easy for the government to finance itself for a time by means of book entries and short loans from the bank, a course which is the first step towards currency depreciation and inconvertibility.

Even apart from such risks there are other serious dangers from a government controlled bank. The network of financial and commercial life is so intricate, and the decisions of the bank on important points have such widespread results, that all interests are not affected in the same way. A change in the rate of discount, for example, which benefits some may be unwelcome to others. But if the government has a controlling influence over the bank, there are obvious ways by which the more powerful interests in the country can try to enforce their wishes. The road is open for political intrigue, and there can be no safeguard that the policy of the bank will be carried on without bias as national interests require. It seems a paradox that when the object is to secure the execution of a national policy, this should not most readily be achieved by the creation of a state bank under official control; but even in the countries where the capital of the bank is held by the state, steps have been taken in certain instances to remove its administration from political influences and to give it a measure of independence from the government.

I will not take time to quote more than those observations. I really do not think there is any more danger here than there is with respect to the relations of the Bank of England with the government of that country. That is an old institution, with established traditions. It will take many years for us to establish like traditions, but I believe that can be done more effectively and efficiently by the means provided in the bill, particularly—I say again—section 14, which in its present form we owe to the hon. member for Shelburne-Yarmouth (Mr. Ralston). I believed something of that sort was essential in this bill, and I say again I think that is one of the most powerful of the provisions of the bill to ensure the efficiency and effectiveness of government control as against government ownership.

Mr. MACKENZIE KING: There is one other question I should like to ask the Prime Minister. Is there not a danger, if the government parts with both ownership and control of the central bank, of some government being seriously embarrassed in the matter of carrying out its trade and fiscal policies? Let me instance what I have in mind. Assume that private interests in control of the central bank are favourable to a policy of trade within the empire; let us say, are in favour of promoting trade within the empire to the exclusion if need be of trade by Canada with other countries throughout the world. Is it not possible, through the control of credit which this central banking institution will possess, that its officers may be in a position to cause their policy to be made to prevail rather than that the government should be in a position to have its policies prevail? It seems to me that unless the government has some control or some ownership of this central institution there will be that danger at all times. Where you have an administration whose policies as to trade

harmonize with the policies of the bank as to finance; assume for example, that both have imperial policies in trade and finance, there everything might work very smoothly. But assume that the bank once established is determined on certain imperial policies, and it is likely to have such as a guiding principle if the governor of the bank is to be chosen from the old country and assume that the government of the day should seek to promote world trade even if such a policy should happen to some extent to be at the expense of trade within the empire itself, is there not a danger of this institution being in a position to make it very difficult, if not impossible, for the government, representing the people, in its policies to carry out those policies as effectively as it otherwise would be able to do?

Mr. BENNETT: I am bound to say, Mr. Chairman, that the very organization of this bank in this form is calculated to prevent that.

Mr. MACKENZIE KING: In what way?

Mr. BENNETT: I will try to explain. If the government were in complete control of the bank it would mean that if you had one government succeeded by another the bank would naturally change its policy, assuming that the policy was as the right hon. gentleman suggested. Then you would have governments controlling policies without continuity. What we wish to secure is a policy based upon the economic conditions of the country, not a policy of the bank based upon policies of a government. That is what the right hon. gentleman desires.

Mr. MACKENZIE KING: I have always felt that the government represented parliament. If a government or a political party has placed certain policies before the people and the people have endorsed those policies, returning the party to power in order to enforce them, it seems to me that no institution should be created by the state which could interfere with the will of the people as thus expressed through their representatives in parliament. It is that danger that I confess I see in this institution as it is to be constituted under this measure. That, just as the Prime Minister says, you may have the bankers desiring continuity in their banking policy, and determined to have it even if it runs counter to what may be the trade policy or the fiscal policy of the government of the day. You will almost certainly, sooner or later, have a conflict between financial and fiscal policies, the former in the control of private interests the latter in the control of the government. If there is a conflict anywhere my feeling is that the view that ought to prevail is the view of the administration of the day, not the view of any institution privately owned and controlled that may originally have been given power by the state.

Mr. BENNETT: Of course the only difficulty about that is the fact that it is always so difficult to say that a particular policy has been approved by the people. That is always the difficulty where you have no direct referendum upon a particular matter. That is why that on the continent of Europe they contend so vigorously for the submission of questions in order that there may be a direct determination by the people. I need not remind the hon. gentleman, with his wider knowledge than mine, of what that has led to, but that is a fact. There can be no policy of the central bank, as related to the chartered banks and the country, that is not similar to all. The deputy minister of finance is familiar with the transactions of the central bank and its relation to the chartered banks. The chartered banks continue to establish credit for the industrialists and the agriculturists, just as they do now. The only difference is that the central bank supplies the requested credit to the individual chartered banks to carry on, where formerly under the provisions of the Finance Act reliance was placed upon that measure.

Let us assume that the government of the day is apprehensive of the continued evidence of speculation on the part of the people, and it has made up its mind that something must be done to curb their activity. The government discusses the matter, and the Minister of Finance says to the deputy minister, "You may indicate to your board and to the bank the desirability of raising the discount rate for the purpose of enabling that to be done." The Minister of Finance sends for the governor, and discusses the matter with him. It is common, of course, in countries like France and continental Europe, for the minister of finance to be constantly in communication with the governor of the bank. He says, "We must raise the discount rate." The discount rate is raised from four per cent to six per cent. Still the speculation continues on the stock exchanges, and last year the rate was raised to seven per cent. I think, if my memory serves me correctly, that it went as high as eight per cent at one time.

Mr. YOUNG: Did that stop speculation?

Mr. BENNETT: It had a very great effect upon it, yes. And it will be recalled that the central reserve bank of the United States made

some effort in that direction. It is also within the memory of this committee and those who have read the report of the Macmillan commission that in the opinion of Sir Charles Addis there is no central bank in the United States. I fancy, as a matter of fact, there is not any central bank of the United States. There are, of course, twelve central reserve areas or regions in which there are what I think they call regional banks. The member banks are the banks within that region, and the control of the government is as was indicated by the hon. member for Shelburne-Yarmouth. But there is no contral bank dealing with the question of credit and rediscount rates in the manner in which we have been dealing with those matters.

I will say this to the right hon. gentleman: if between now and to-morrow any thought that may be given to this measure by hon. members opposite would result in indicating wherein they see the possibility of that danger, I shall endeavour by appropriate terms to remove it. But I see no likelihood of there being any such exercise of that power. I did look into something which was said in this house on a former occasion, and as the bill stands I cannot see that it would be possible for that result to follow. If there is any member of the committee who has any suggestion to make which would indicate that that is a possibility, I should certainly be very glad to have it, and the government would welcome any suggestion in that direction.

Mr. MACKENZIE KING: I should like to make clearer what I have in mind. In a word it is this: Taking matters as they are at present, it seems to me that so far as this House of Commons is concerned, as respects the banking and financial institutions of the country, it makes very little difference what particular trade policy we may have. We feel an absolute security in our ability to give effect to our own trade policy. But under this measure the government is parting with some measure of ownership—what in this bank will become privately owned. It is parting to a certain extent with the control it now has over the regulation of credit. It is not merely creating an institution which will be privately owned and controlled, but it is parting with a certain control by government which it has to-day.

Mr. BENNETT: In what way?

Mr. MACKENZIE KING: This bank will have the issue of currency and it will have the control of credit, which at least to some extent, through the Department of Finance, the government itself is able to exercise to-day. During and since the war the government exercised this control, the Finance Act having been amended at the time of the war for that very purpose. The powers which the government there had are now being transferred to this privately owned institution. If you alter the situation by taking away from the government the power that it has to-day; and the banks are to be allowed to control the central bank—for that is what it really amounts to, the banking interests are all to be one, the central bank being in private hands let us put it that way—there is, it seems to me, a real danger of the financial control which may thus be exercised by the bank being exercised against what may be the fiscal policy of the government of the day.

Mr. BENNETT: I should be glad to give the matter such reasonable attention as I can between now and to-morrow, and if the right hon. gentleman or any other member of the committee sees that danger, and indicates to me where it is to be found in the bill, I shall certainly consider it and try to provide a remedy against it, because I realize there is no desire to place the question of the fiscal policies of governments in the hands of the banks of the country, either the central bank or any other bank. I cannot conceive that it is possible under this measure.

Mr. MACKENZIE KING: The line of remedy will lie in the matter of control; the government ought certainly to have a very large measure of control over this institution, I would say "the" control of the institution. The question of ownership, is, I think debatable.

Progress reported.

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

Friday, June 22, 1934

The house met at three o'clock.

PRIVATE BILLS COMMITTEE

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

CANADIAN PACIFIC RAILWAY LOAN

Right Hon. R. B. BENNETT (Prime Minister): I lay on the table a certified copy of the order in council passed on June 20, 1934, consenting to the Canadian Pacific paying off $12,000,000 of the $60,000,000 borrowed

from the chartered banks of Canada, releasing one-fifth of the security on which such loan was obtained.

AUSTRALIAN WHEAT AND FLOUR

On the orders of the day:

Hon. H. H. STEVENS (Minister of Trade and Commerce): Yesterday on the orders of the day I had unfortunately to leave for the sittings of a committee and I was not present when the hon. member for South Perth (Mr. Sanderson) asked a further question regarding importations of Australian flour. The direct answer to the question, which was answered once previously, though not with complete assurance, is as follows. The question is as to whether or not Australian wheat or flour coming to Canada is subsidized. We cabled the Canadian trade commissioner in Australia and recently received from him a reply in which he states that there is no bounty in force on wheat or flour. The Wheat Growers' Relief Act passed on December 12 last was a purely temporary measure, and it will be recalled that I explained the nature of that on a former occasion, on June 7 last, as appears in Hansard. I do not think I need to repeat that; it does not involve anything in the nature of subsidizing wheat or flour. May I add to what I said then a brief statement regarding the situation in connection with the winter wheat supply and the winter wheat crop of Ontario. There were 630,000 acres of fall wheat seeded last autumn, and it is estimated that there were about 246,000 acres winter killed. The condition of the balance of the wheat crop is not up to last year; in the early part of June, I think, it was estimated at around 45 or 50 per cent. So that the winter wheat crop is certainly behind that of a year ago. In estimating the supplies of winter wheat available for flour—soft wheat flour—consideration must be given to stocks in hand; and upon careful examination and inquiry it is ascertained that on March 31, 1934, a total of some 3,140,000 bushels of winter wheat was considered to be in the hands of the farmers. There is reason to believe that stocks of wheat on the farms in Ontario at the end of July, 1934, will approximate 1,000,000 bushels which, together with the new crop, will of course supply the requirements. Furthermore, while I have under my hand the exact figures, it must be remembered that a comparatively small proportion of winter wheat grown is used for flour. When I say a small proportion, if my memory serves me aright, it is less than 30 per cent. Therefore there should be ample Canadian wheat for soft wheat flour purposes.

I might make a further statement to the house as to the steps taken by the government in connection with the importation of flour from Australia. It will be recalled that in the Canadian-Australian trade agreement provision was made under article IX for giving notice and I shall read just briefly from the article so that the exact language may appear on Hansard. It reads:

> If at any time either party to this agreement gives notice in writing to the other party that, in consequence of the importation of goods of a kind specified in the notice, being the produce or manufacture of the exporting country, intc the other country, the sale of similar goods produced in that other country is being prejudicially or injuriously affected—

And so forth. Then three months' notice may be given by the importing country to the exporting country. If within that period satisfactory remedial measures are not arranged, the article complained of goes under the general tariff.

In respect to the agreement I may say that we have always had the heartiest and most genuine cooperation from the Australian government; in this instance all that has been necessary is to give notice and we are assured that the importation of Australian flour under present conditions is not likely to be of any magnitude. Furthermore, such quantities as are already en route are not sufficient to give any alarm; in fact, there is a certain small quantity that regularly comes in to the Pacific coast and the quantity coming in to the eastern seaboard is comparatively small. The officials of my department as well as other officials of the government, after giving the matter the most careful study, are quite satisfied that nothing will occur that need in any sense give alarm, and I believe from recent advices from the trade the same opinion is shared by it.

Mr. SANDERSON: I take it from the remarks of the minister the government are still going to permit the importation of Australian flour.

Mr. STEVENS: No, the hon. member is wrong; he is not even approaching the fact. We have given notice and the importation of Australian flour has been stopped. I would suggest to my hon. friend that it is not necessary for Canada to be rude to Australia. I repeat that Australia and the Australian government and officials have cooperated with us in the most cordial spirit in this and in other matters. We have had no trouble and further importation of Australian flour will not occur.

Mr. SANDERSON: If I misunderstood the minister I am very sorry. Now I understand him to say that importations of Australian flour will be stopped. Am I right in that?

Mr. STEVENS: Yes, quite right, with one point which I think any reasonable person will recognize. There was a small quantity en route and naturally we are not under present circumstances going to reject that. But let me make it clear to the house—and I trust the house will accept this and be satisfied with it—the normal imports of Australian flour are not large but there is a considerable quantity; we could not reject flour that was already en route but it is a very small quantity. There is nothing whatever to be perturbed about.

Mr. WILLIAM DUFF (Antigonish-Guysborough): Speaking for the maritime provinces, may I say to the hon. member for South Perth (Mr. Sanderson) and to the Minister of Trade and Commerce (Mr. Stevens) that if Australia can send to Canada as good wheat as that produced in this country and at a lower price I want to say on behalf of the consumers of the maritime provinces that they desire that wheat to come in.

DOMINION ELECTIONS ACT

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): I should like to inform the Minister of Justice now that he is in his seat that Bill No. 115 that he introduced on Wednesday has not yet been printed. We are told that it will not be available to-day so that it will not be in the house until Monday and at this stage of the session that is rather a long time to wait for an important bill.

Hon. HUGH GUTHRIE (Minister of Justice): The bill is not important in this way that, as I mentioned before, there is only one real change in it. It is the Elections Act which is to-day on the statute book with, taken out of it, those clauses which refer to the preparation of the election lists. The only change of any importance is the one as to the appointment of returning officers. While I am mentioning the matter, it will be the intention of the government to refer both the elections bill and the franchise bill to a special committee. When they are called to-day I would be obliged if the house would give its consent to the reference of those bills to a committee in order to expedite business.

[Mr. Stevens.]

DOMINION FRANCHISE ACT

ELECTORAL FRANCHISE—APPOINTMENT OF FRANCHISE COMMISSIONER—PRINTING VOTERS' LISTS

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 101, respecting the franchise of electors at elections of members of the House of Commons.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I understand from what the Minister of Justice said a moment ago it is his intention to ask the house to refer this bill to a special committee. That course is in accord with the suggestion that was made yesterday from this side of the house. It is a step which should help to expedite the consideration of the measure and avoid protracted discussion. In this particular so far as the official opposition is concerned, we are wholly in accord with the course the government proposes. It will be understood, of course, if the second reading is passed at the moment, this is without prejudice to the fullest discussion of all features of the measure when the bill returns from the committee.

I should like to say just a word before the motion for second reading passes. In discussing the resolution at the time of introducing the measure the Minister of Justice made it clear that the present elections act was really three acts in one: a franchise act, an act relating to the preparation and revision of voters lists, and an act relating to the machinery of elections. As I understood at the time the franchise phase was one which it was not intended to alter except possibly in one particular that would be considered and that is the one that relates to the Doukhobors in British Columbia. If that is strictly adhered to, I imagine there will be little difficulty in reaching agreement on the measure. I should like to stress the importance of it being seen to that the bill when it comes back to the house is not a measure that because of its provisions may serve to disfranchise any persons who at present enjoy the franchise but one that will ensure a continuance of the enjoyment of the franchise by all who at the present time enjoy that right.

The bill as originally drafted—and for that the government says it takes no responsibility—would have disfranchised large numbers of persons; it would have disfranchised those who are not able to read and write English or French, Doukhobors and others. However, the government has disclaimed, and rightly, I think, any intention of having had that object

in view. But the bill as it was presented lacked certain features that are in the present Dominion Elections Act, and this, I believe, would have materially affected the enjoyment of the rights of many of those whose names should appear upon the list. As a consequence they would really have been disfranchised. There was the provision that limited the preparation of the lists to a single enumerator. If that provision had not been altered, and the government had not agreed to double enumerators in the preparation of the basic list, I believe that numbers of names would have been left off the list which under the act as it now stands would have been on it. The measure in such circumstances would have been in reality a disfranchising measure. The arguments urged in support of the employment of double enumerators in connection with the preparation of the basic list are equally applicable with respect to the annual revisions that are to take place. It does not follow that because a revision is to take place every year, the amount of work in connection with a revision will be anything like that required for the preparation of the original list. Double enumerators might very easily go from house to house and check up on the basic list in a way which would avoid the omission of large numbers of names or the possible inclusion of names that should not appear. That is a requirement which I think should be considered by the committee.

Then, as the bill was introduced, there would have been deleted another provision which appears in the Dominion Elections Act at the present time, namely, the right to appeal to a county court judge. The removal of that right would, I believe, have served to disfranchise a certain number of persons. But the government has conceded the restoration of that feature, and to that extent as far as the rights of electors are concerned their chances of having their names appear upon the lists will continue to be what they are under the present act.

There still, however, remain in the bill certain provisions which are new and which if not altered will, I believe, lead to the virtual disfranchisement of a large number of persons. One of these is the provision which obliges those who wish to exercise the franchise to make application and sign a document which will have to be witnessed, and which will state that the signatory has read over certain sections of the act and certain regulations that will appear upon the document itself, and that they are thoroughly understood by him. May I say that, knowing human nature as I think all hon. members of this house know it, there is reason to believe that if many of the electors are to be obliged to sign documents, no matter how understandable they may be, or how genuine their purpose, they will refuse to sign altogether, and will be disfranchised as a consequence. In this country the franchise—manhood franchise—ought to be considered an inherent right of the citizen. If a man or woman is twenty-one years of age and qualifies in regard to the conditions that have been generally set forth and the requirements that have been generally accepted, citizenship in and of itself should include the right to vote, without any preliminaries or accessories of a kind that are at all likely to threaten or impinge upon that right. It ought to be and is a duty of parliament to see that this inherent right is protected above everything else, and that anything which will tend to take away from an individual who is a qualified citizen absolute freedom in the matter of the exercise of his vote at the time of an election is not countenanced. The fairness of that general statement will I am sure appeal to all hon. gentlemen.

With the alleged objects of the bill, as stated by the government, we are as I have said, in complete sympathy. With the object of shortening the time necessary for an election, the object of reducing expenses, the object of having a clear, clean list which will help to prevent impersonation or what is called "plugging" and "telegraphing" at the time of election—with all those objects we are in complete accord, and they are the objects as set forth by the government. If however they are to be attained in this measure only at the expense of other provisions which will have the effect of disfranchising a large number of electors, then the price to be paid will be too great and the measure should not be permitted to pass. I would think it should be possible for the government to attain the objects it has in view without imposing on the electorate conditions which will involve the possibility of a large proportion of its numbers not having the right to record their votes at the time of an election. I might say that one of the reasons I had for expressing the hope that the government in the first instance would consider this measure by a special committee was that I believed it would take up a great deal of the time of the house to set forth the variety of instances in which it could be clearly shown that under the machinery as at present provided in the bill the voting might be so blocked on the day of election, or electors themselves so terrified

or discouraged or nonplussed with respect to preliminary requirements that there would be a very large number who on election day would be deprived of the right of having their votes recorded. I am prepared to accept, and I am sure the house will accept the statement of the government that it really has in view only the objects which have been alleged, and that any measure that we shall be asked to accept after consideration by the committee will not be one which because of provisions not existing at the present time will obviously limit the numbers of those who on election day will be in a position to exercise their right of the franchise. There are other features of the bill which have to be carefully examined, and to which as they stand we would wish to take exception. With these few remarks, however, I am quite agreeable that the bill should pass the second reading and be sent to a special committee.

Mr. ROBERT GARDINER (Acadia): With some of the remarks of the hon. leader of the opposition (Mr. Mackenzie King), so far as safeguarding the franchise of the people is concerned, I am in agreement. I am sure that on all sides of this house the same desire prevails. I am not very fearful that anything will be done in the special committee that is to be appointed to consider this measure which will tend to disfranchise any of the people of Canada who are entitled to vote. There is one point, however, on which I wish to make a few remarks, that is in regard to the proposal for double enumerators, or the appointment of two enumerators for each poll. I believe that we have men and women in Canada, who, if they are appointed to enumerate a polling division, will do it expeditiously and well and satisfactorily to all concerned. In my judgment the statement of the leader of the opposition (Mr. Mackenzie King), both to-day and on the former day when this bill was introduced, does not augur well for the political situation in this country. It almost takes it for granted that we have not got people in Canada who are honest enough to give an honest enumeration. I protest against that idea. Personally I believe that we can get all the enumerators we require who would do the work honestly and well and see that everyone entitled to vote is placed upon the list.

We are supposed both in the House of Commons and in our provincial legislatures to have proper representation of the wishes of the people. Last Tuesday there were two provincial elections held. The results have given some heart to a certain portion of the members of this house—and they are entitled to take what satisfaction they can on that score—yet when we look over the returns we realize the fact that after all we have not representative institutions in this country. In the province of Ontario for instance according to press reports this morning it required only 8,500 votes to elect a Liberal candidate while it required something over 28,000 votes to elect a Conservative candidate and 94,000 votes to elect one C.C.F. candidate.

Mr. McINTOSH: It serves them right.

Mr. GARDINER: Taking those figures we find that the Liberals elected sixty-five members, the Conservatives seventeen and the C.C.F. one. In the final analysis, so far as the votes of the people of the province of Ontario are concerned, we are going to have a minority government notwithstanding the fact that 65 members were elected to support the Liberal government.

Mr. MACKENZIE KING: May I ask my hon. friend a question? He has referred to the seventeen Conservative members elected in Ontario. Is it not a fact that if the votes that went to the C.C.F. candidates had gone to the Liberal candidates there would have been only seven Conservatives elected instead of seventeen?

Mr. GARDINER: I am afraid that question is beyond me for the moment. Now let me refer to the situation in Saskatchewan, where fifty-four members were elected last Tuesday. According to the latest returns the Liberals elected forty-nine members.

Some hon. MEMBERS: Hear, hear.

Mr. GARDINER: Yes, I suppose my hon. friends feel quite satisfied about it. The Conservatives did not elect any members while the C.C.F. elected five. Now let us look at the actual figures. According to press reports —and I must admit, of course, that the returns are not complete as yet—the Liberals received approximately 178,000 votes, which elected forty-nine members out of fifty-four. The Conservatives received 103,000 votes but obtained no representation at all. The C.C.F. received 84,000 votes and elected five representatives. I submit that the time has come when we should consider the idea of securing a more representative house than we have at present or than resulted in the two provincial elections. May I suggest to the government that they refer to the committee the questions of proportional representation and the single transferable vote in single member constituencies. After all is said and done, if we are going to boast about our representative insti-

tutions those institutions should be truly representative of the ideas of the people of this country.

Hon. ERNEST LAPOINTE (Quebec East): With regard to the last remarks of my hon. friend I should like to remind the house that a few years ago, when I was Minister of Justice, I introduced a bill for the purpose of having the alternative vote in this country, in order to remedy the ill my hon. friend has just represented as existing. At that time we were told that if we insisted on proceeding with the bill the session would last all year, and we had to postpone the matter.

Mr. GUTHRIE: Will my hon. friend say whether he would support such a bill now, if it were introduced?

Mr. LAPOINTE: I certainly would, so far as I am concerned, because it is a Liberal measure.

Mr. GUTHRIE: Mr. Speaker—

Mr. SPEAKER: The Minister of Justice will conclude the debate if he speaks now. If any other member wishes to speak he should do so.

Mr. GUTHRIE: I have just a word of reassurance for my right hon. friend the leader of the opposition (Mr. Mackenzie King), and I must confess that I experienced at least some mild degree of surprise when I heard his remarks this afternoon. As I stated when this bill was introduced we had some preliminary discussions, not only upon the principle but upon practically every detail of the bill. My right hon. friend and the hon. member for West Edmonton (Mr. Stewart) were present at those discussions; I was present, as was the Secretary of State (Mr. Cahan), and I came away from those discussions with the idea that they had been eminently satisfactory to all concerned. I think there were only three questions left upon which we did not agree. One was the question of double enumerators; another was the question of an appeal from the revising officer, and the third was the question as to the appointment of the chief officer. No agreement was reached on those points. Apart from that, however, I came away with the impression that we were all thoroughly agreed and satisfied. The impression I received today from my right hon. friend's remarks was that someone has been interfering. I am inclined to think an enemy hath done this thing, that someone hath been sowing tares among the wheat.

Mr. MACKENZIE KING: I do not wish to interrupt my hon. friend at the moment, but perhaps he will allow me to do so later.

Mr. GUTHRIE: Perhaps it would be better after I have concluded. The bill as introduced has remedied two of the questions upon which we failed to agree. With regard to the language qualification we agreed absolutely; that was struck out. That was the first action of the conference. We agreed in regard to the disqualification of Doukhobors, and the clause in the present bill is an adaptation of the British Columbia act which has been in force for many years. The bill as introduced provides for the appeal which we discussed at that conference, and I was under the impression that we had met all objections.

I do not think my right hon. friend need have any apprehension as to what either a committee of the house or a committee of the whole may do in regard to this bill. The question of the signed statement was thoroughly discussed at the conference, and when the bill was before the house previously I remember the language of my right hon. friend when he pointed out how satisfactory it would be if two enumerators should sign as witnesses to this statement, what intense satisfaction that would give everyone. I thought that matter was practically settled. Again that is the British Columbia system, adopted by a Liberal government in that province and commended from every side by people in the west as being the best cure for the evils of personation and telegraphing as we know them in other parts of Canada.

Mr. STEWART (Edmonton): I should like to ask my hon. friend a question with regard to one particular. So far as I was concerned form 7 as provided in the original bill was entirely new; while we did discuss it at some length it was entirely new to us and we asked for some time in which to think over the matter. As to the rest of it my hon. friend is correct.

Mr. GUTHRIE: The form attached to the bill?

Mr. STEWART (Edmonton): The principle of registration.

Mr. GUTHRIE: The principle of registration, if I understood it aright, was approved by everyone. There may be details in connection with the matter which we did not discover or discuss. In a bill of this kind there are always new ideas.

Mr. DUFF: May I ask a question? How is an absentee fisherman or sailor—and there are thousands of those in the country—to sign a questionnaire or have his name witnessed?

Mr. GUTHRIE: If they are absent there is provision in the bill to have someone else do it for them. If they are not broad enough they can be broadened, but I think they are broad enough in the bill now.

Mr. ERNST: The hon. gentleman need not worry; I have most of them.

Mr. GUTHRIE: In regard to this bill, and in regard to the other bill appearing on the order paper, namely Bill 115, I propose to make this motion. I shall make it now in regard to Bill 101.

Mr. MACKENZIE KING: May I answer the minister before he makes his motion. If the house will look at the statement which I made, and which the Minister of Justice and other hon. members accepted at the time it was given, they will see I stated that my understanding of the conference which the hon. member for West Edmonton (Mr. Stewart) and myself had with the Minister of Justice (Mr. Guthrie) and the Secretary of State (Mr. Cahan) was that it was to be without prejudice in any particular as to the rights of all hon. members in the house to discuss any and every phase of the measure. We were not agreeing, on behalf of the opposition party, to anything. The conference was to see how near we could bring our minds to meet, and to have eliminated from the bill as largely as might be possible those provisions on which we could not agree. But beyond that there was no understanding whatever.

May I recall to the mind of the Minister of Justice exactly what took place at the first conference, seeing that he has referred to that matter himself. When we began to discuss the matter there were certain features to which my colleague and I took exception. The Minister of Justice said, "I think it is all right that exception should be taken to those matters; we will reserve them for consideration," or words to that effect. We got no farther than that. Later he told us that having considered with the Prime Minister certain provisions it had been agreed to eliminate them. When other features were mentioned the Minister of Justice said, "That is a matter we cannot consider. The government has its policy on this phase of the matter, and it is not open for discussion." He will recall that that position was taken with regard to the very matter of obliging the electors to sign applications. I spent some little time pointing out the extent to which I believed the electors would be disfranchised, if they were obliged to sign a declaration, and particularly one in which they were called upon to assert that they had read what was on the back of the declaration, and had understood its meaning and consequence. I dwelt particularly upon the extent to which women who for the first time were exercising their franchise would hesitate to sign such a document, and I pointed out the extent to which workingmen would also hesitate. The minister at each turn indicated that so far as that matter was concerned the mind of the government was made up on what he called a closed list and that we could not consider any further that aspect of the closed list. It was after that position was taken that I said, "If that is the government's decision in the matter, it makes stronger than ever the need for double enumerators." I did not acquiesce at all in the provisions which required applications to be made and signed. But, from the discussion which took place there I assumed that the government's mind was no longer open on the point, and that if we wished to consider anything that would make that feature of the bill more acceptable we were only at liberty to make representations. I think the Minister of Justice himself made perfectly clear to the house in his own statement that we were not—

Mr. SPEAKER: I do not wish to interrupt the right hon. gentleman, but he is making a second speech.

Mr. MACKENZIE KING: May I say that much to my surprise the Minister of Justice began to discuss what took place at the conference.

Mr. SPEAKER: I do not wish to interrupt the right hon. gentleman but—

Mr. MACKENZIE KING: Your Honour may not wish to interrupt, but you are succeeding admirably in so doing.

Mr. SPEAKER: Then I now call the right hon. gentleman to order.

Mr. MACKENZIE KING: I think there are some rights which belong to the members of the opposition in this house and also some rights due the leader of a political party, and I am going to assert those rights.

Mr. SPEAKER: With all due deference to the right hon. gentleman and not wishing in any respect to slight him as leader of his party, I merely remarked that each member has a right to speak once on this resolution. I called the attention of the house to the fact that in speaking as he began to do the Minister of Justice would close the debate. No other hon. member, even the right hon. leader of the opposition, has a right to speak twice.

Mr. LAPOINTE: I suppose that applies to the right hon. leader of the government, too?

Mr. SPEAKER: It certainly does.

Mr. BENNETT: Certainly it does.

Mr. LAPOINTE: He has never been called.

Mr. BENNETT: Dealing with the point of order may I suggest that I think perhaps the right hon. gentleman, in annoyance, went rather farther than he would wish any leader of a political party to go. The question it seems to me might easily be solved by the right hon. gentleman making his observations on the motion to appoint the committee, and then there would be no question of him being out of order. He would have a perfect right then to make the statement he is now making, but he was speaking in contravention of the rules of the house, and when the right hon. gentleman suggested he might make the statement he was launching into a discussion which would necessitate further discussion. I think he would be the first to say that the Speaker was within his rights and his duty to suggest to the house that this debate constituted a violation of the rules. I did endeavour to make myself heard, but I did not succeed. I think the former Minister of Justice did hear me suggest that the observations which the right hon. gentleman desired to make might be made on the motion for the appointment of the committee.

Mr. MACKENZIE KING: Have I, Mr. Speaker, the same right as the Prime Minister has to talk at the present time?

Mr. BENNETT: I am speaking to a point of order.

Mr. MACKENZIE KING: Then, on a point of order may I also say something? The Prime Minister has told me that my remarks were occasioned by annoyance. May I tell him they were occasioned by nothing of the kind. They were occasioned by the sense that it was right and proper and justifiable to make the statements I did in the present discussion. Before His Honour spoke, the Minister of Justice undertook to say what he had understood at the conference. That conference was understood to be private and without prejudice to anyone. Surely when the Minister of Justice states what his position was at the conference I have the same right to make absolutely clear to this house the position which was taken by my colleague and myself. That is all I did.

Mr. HACKETT: Why bring out what was in a confidential memorandum then.

Some hon. MEMBERS: Sit down.

Mr. MACKENZIE KING: I notice that the hon. gentleman who has just interrupted me always assumes that he is a member of the ministry. He talks about what "we" mean by this and what "we" mean by that, as if he were a member of the government. May I say—

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: May I say that if the government has any desire to ask me questions I shall answer them, but I do not propose, when I am replying to a minister of the crown, to be interrupted by the hon. member who is not a member of the ministry, and is not likely ever to be a member.

Motion agreed to and bill read the second time.

Mr. GUTHRIE moved:

That Bill No. 101 be referred to a special committee of this house to consist of Messrs. Guthrie, Duranleau, Hanson (York-Sunbury), Willis, Stirling, Lapointe, Stewart (Edmonton), Power and Irvine to inquire into and report said bill to this house.

Mr. BENNETT: I should like to remove from the minds of any hon. members any misapprehension as to what document was before those engaged in what the right hon. leader of the opposition has described as a confidential discussion.

Mr. MACKENZIE KING: Was it or was it not a confidential discussion?

Mr. BENNETT: That is what I thought, but the right hon. gentleman only a moment ago left the opposite impression.

Mr. MACKENZIE KING: I was replying only to aspects of it which the Minister of Justice had discussed.

Mr. BENNETT: As I understand it, the Minister of Justice discussed the conference when he introduced the bill, and I listened to the right hon. gentleman who stood in his place and said that the statement made by the Minister of Justice was an accurate statement. I am using broad terms. After that I made a few observations and I thought it was a very excellent thing that a conference of this kind had been held and that all those present who had spoken were agreed as to what had transpired. That is what took place in this chamber when the Minister of Justice introduced the bill.

What I desired to point out was that the bill introduced was not the document that the members of the conference had before them. There was no bill that had then been introduced. It was merely a memorandum

which had been prepared by the draftsman of the measure and was never introduced into this house as a bill although it was so treated by some, and I did make some complaint with respect to that although I have never made any complaint in this house with respect to it because I thought one could rely upon the ordinary amenities of life so that what was a memorandum would not be described as a bill. It was not for circulation. Two copies of it had been placed in the hands of hon. gentlemen opposite, and the Minister of Justice made a statement indicating where the five copies were.

I notice that during the discussion to-day frequent reference was made to that document as a bill. It never was a bill. It was printed in the form of a bill by the draftsman who prepared it, but the only bill that has ever been before this house or submitted by council to this house was the bill which was introduced a few days ago by the Minister of Justice, and the second reading of which he moved to-day. I mention that because of the effect upon the institutions of the country of the very circumstances which have been referred to to-day. Democracy sometimes is laughed at by those who regard it as a very unsound form of government, but if the ordinary amenities of life were observed by some—I am not referring in this instance to the members of the conference themselves—certainly the statement sent abroad from this city would not have been made, for there was no bill introduced or submitted except the bill that is now before the house. I find that the right hon. gentleman in his remarks the other day, at page 3942 of Hansard, said:

> Mr. Mackenzie King: Mr. Chairman, since the Minister of Justice (Mr. Guthrie) has made reference to the conference which took place between himself and the Secretary of State (Mr. Cahan) and myself and my colleague the hon. member for West Edmonton (Mr. Stewart), perhaps I should say a word with regard to the minister's representations in that particular. In a word, though speaking generally, I may say that so far as my recollection of the entire proceedings is concerned, the Minister of Justice has stated the matter accurately.

He referred again to the matter in the same sense. It would take too long to read it all, but he indicates at page 3943 of Hansard that the recollection of the Minister of Justice was correct, and he speaks of his desire then for a closed list.

It is unfortunate perhaps that there should be any misunderstanding now after both parties to the conference have indicated that the expressions by the Minister of Justice of what transpired correctly indicated what had in fact transpired, and the right hon. leader of the opposition agreed that that was an accurate statement of it.

I desire again to repeat to this house that when an effort is made to induce people to believe that the government introduced a bill to disfranchise people, the government introduced no such bill. The government had a number of points put down for consideration and they discussed them at a conference with the leader of the opposition, and after that conference the only bill that was presented was the bill now before the house.

Mr. MACKENZIE KING: The Prime Minister has just said that there never was a bill before the conference committee, that there was only a memorandum. I would remind the Prime Minister that time and again I asked him when we might expect to have the franchise bill, and in all the answers which my right hon. friend made to me he intimated that the bill would be ready, that it was being printed, that the government was going to consider it, that we would have it before us in a short time. When I went to see, my hon. friend, at his request, he spoke to me of a bill and said his colleagues would have a bill, and would I manage to have one of my colleagues go with me and consider all phases of it in order to see how far we might be in agreement.

Speaking in this house on June 13 I made the remarks to which my right hon. friend has just referred, and I repeatedly used the expression "bill" and no exception was taken to the word "bill," it was accepted by the Prime Minister. This is the first time we have had any talk of a memorandum instead of a bill.

Some hon. MEMBERS: Oh.

Mr. MACKENZIE KING: May I read what I said in this house on June 13?

Mr. HANSON (York-Sunbury): Read what the Prime Minister said.

Mr. MACKENZIE KING: If hon. members will kindly listen to this, they will see that the Prime Minister in his own mind was thinking of a bill just as much as we were. The only question at issue was whether the government itself had finally passed upon the bill or not. It was a draft bill we had before us, and it was a bill that was—

Mr. BENNETT: A draft measure, the right hon. gentleman called it.

Mr. MACKENZIE KING: May I read what I said in this house on June 13?

As the house will remember, I frequently asked the right hon. Prime Minister (Mr.

Bennett) when we might expect to have this new electoral measure brought down. Finally, towards the end of April, the Prime Minister stated that very shortly a bill would be printed and that he would see that, as leader of the opposition, I was supplied with a copy. When the bill was printed the Prime Minister had a copy sent to my office, and on the day the copy arrived he stated in the house that it had been so sent. Later in the day, the Prime Minister said to me that he would be pleased if I, together with one of my colleagues, would confer with the Minister of Justice and the Secretary of State concerning the measure. The Prime Minister was careful to state at the time that the purpose of the conference was solely that of considering a draft measure—

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: A bill is a draft measure.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Of course a bill is a draft measure. Every bill is a draft measure.

Mr. BENNETT: Go on, read the rest of it.

Mr. MACKENZIE KING: I went on to say:

> The Prime Minister was careful to state at the time that the purpose of the conference was solely that of considering a draft measure with a view to seeing how much in the way of possible agreement might be arrived at in the introduction of a measure of this kind, and that our conference was to be entirely without prejudice in any direction.

There was no exception taken at that time by the Prime Minister or the Minister of Justice to my use of the word "bill." There was no reference to any memorandum that had been prepared, but when a question came up about the original measure as it was drafted, concerning certain very objectionable provisions, the Minister of Justice stated to the house that those provisions were merely in the draft and that they had not been finally accepted by the government.

In order to make perfectly clear to the house, from a chivalrous motive, that the government was not responsible for those particular objectionable features I stated that what the Minister of Justice had said, "speaking generally," was correct, and the thanks I now get for it apparently is that the government are seeking to hold me to a position which when we were in conference was never for one minute asserted by the Minister of Justice. May I read the words I used in the house on June 13, and which I have just quoted:

> Since the Minister of Justice has made reference to the conference which took place between himself and the Secretary of State (Mr. Cahan) and myself and my colleague the hon. member for West Edmonton (Mr. Stewart,), perhaps I should say a word with regard to the minister's representations in that particular.

That is, representations as to the nature of the conference and as to these particular objectionable clauses. They were the ones he stressed especially. I went on:

> In a word, though speaking generally, I may say that so far as my recollection of the entire proceedings is concerned, the Minister of Justice has stated the matter accurately.

Reading the statement which the Minister of Justice made at that time and comparing it with the statement he has made this afternoon, hon. members will see that there is a great difference between the two. The Minister of Justice did not say, speaking on June 13, that that conference was at all in the nature of a conference which was to arrive at a final agreement between the parties.

Mr. GUTHRIE: I do not say so now. I never alleged it or even hinted it.

Mr. MACKENZIE KING: I will ask the Minister of Justice, was it ever understood at any time that with respect to all the provisions my colleagues and myself were not to be free to suggest amendments to them?

Mr. GUTHRIE: Certainly it was.

Mr. MACKENZIE KING: Well, was it not true that I took very strong exception to persons being asked to fill out an application form and to affix their signatures? The Minister of Justice knows such to be true.

Mr. GUTHRIE: I thought the right hon. gentleman gave strong approbation to the proposal, provided there were two enumerators; he undoubtedly did, in my judgment, on the occasion of the first reading of the bill, when he said we could have the witness of two enumerators, and what satisfaction that would give. I thought at that time he was perfectly satisfied.

Mr. MACKENZIE KING: The Minister of Justice knows very well that there was no approbation at all. I took the strongest exception from the beginning, as I do now.

Mr. GUTHRIE: I am talking about the first reading of the bill.

Mr. MACKENZIE KING: I thought my hon. friend was referring to the conference. Let me make it perfectly clear—and I hope my hon. friend will bear me out—that so far as the conference was concerned I took strong exception there, and the only reason I did not continue that exception was that I was given to understand by him that that was not a phase of the bill we could have

considered further. When speaking in this house on the resolution, what I stated was in relation to what the Minister of Justice had said to me about the government's determination to retain that phase of the measure. I was making clear that, if that phase was to be kept, there would have to be double enumerators. But I wish to repeat now, as emphatically as I can, that any provision of that kind will serve to disfranchise hundreds of thousands of the voters of the country, and if the bill comes back with that provision in it, so far as it is possible to avoid its passing this house, hon. gentlemen opposite may expect to see that that will be done.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I think the discussion that is now taking place illustrates very well the dangers which this house gets into when it undertakes to do things outside this chamber and when there is a secret arrangement between two parties.

An hon. MEMBER: There was no secret.

Mr. WOODSWORTH: You may call it what you like; but whether secret or not the fact is that although there is a third group represented in this house—that is very well understood and recognized when it comes to the appointment of committees, and so forth—we find here a discussion of a private conference a discussion of proceedings that took place where a part of the house had no idea at all of what was occurring.

Mr. GRAY: What is the name of the third group?

Mr. WOODSWORTH: It is anything but fair to the third group in this house that the government and the leader of the official opposition should get together with respect to a public bill of this kind, and reach a conclusion which as it turns out is not satisfactory, and then bring it before the house, and that we should be listening here to a discussion, back and forth, of what was understood in a private conference. I think a protest has already been lodged in this corner against a practice of that kind, and I want to take this opportunity of emphasizing that position.

Mr. GRAY: The hon. member should have been here to protest.

Mr. WOODSWORTH: The hon. gentleman says I should have been here to protest. The protest was made, but I suggest that there were a number of members from the Liberal side who were away a considerable time—

Mr. GRAY: And we made a good job of it.

[Mr. Mackenzie King.]

Mr. WOODSWORTH: —and a large number of members on the Conservative side as well, including cabinet ministers. I think, Mr. Speaker, it is a rather ridiculous situation when members of the Liberal party will seek to deny to others privileges they claim for themselves. It is characteristic of them.

Now, with regard to one phase of this legislation, that, I do not think, can be at all justified. It is an adaptation, we are told, of the act now in force with respect to elections in British Columbia. I protest very decidedly against dominion legislation following the lines of some one particular province. It seems to me that if we are acting here on behalf of the dominion at large our legislation should be uniform, and there should be no exception of any kind for the prejudices of some one particular province. I have felt that way for quite a long time with regard to the practical disfranchisement of orientals on the coast. If an oriental in Alberta or Saskatchewan may vote, I think the oriental ought to be able to vote in British Columbia. The issues at stake are very considerable, especially when we think of international affairs, and I do not think that the attitude of one particular province towards a certain matter—

Mr. MACKENZIE (Vancouver): Is the hon. member in favour of enfranchising orientals in British Columbia?

Mr. WOODSWORTH: I am in favour of enfranchising orientals in British Columbia.

Mr. NEILL: Did you say that during the late election in British Columbia?

Mr. WOODSWORTH: I did.

Mr. NEILL: I did not hear of it.

Mr. MACKENZIE (Vancouver): Is the C.C.F. in favour of it?

Mr. WOODSWORTH: Yes; there is no doubt about that. I will go into your riding and tell them so; there is no doubt about it. I say that, especially in view of the international situation, it is perfectly absurd that the narrow prejudices of one particular little group in one province should imperil the good relationship between Canada and other countries. It is a ridiculous situation. If we are to have exceptions, and if dominion legislation is to follow provincial lines, I presume that in the province of Quebec we ought to refuse to give the vote to women.

An hon. MEMBER: Why?

Mr. WOODSWORTH: Simply because women there have not the vote in provincial elections. Why not follow provincial lines in

that respect also? If we are to follow that principle it is perfectly logical that we should refuse to give the women in Quebec the vote. But if we are to give the women in Quebec the right to vote in dominion elections, even though they have not the vote in provincial matters, then we have every right to extend the principle and give Asiatics and others in British Columbia the vote if they have it in other parts of the dominion.

With regard to the particular group which is to be disfranchised now, the Doukhobors, I am not sure how far the act may go. I know perfectly well that there are at least three fairly well defined sections of Doukhobors. If it means that those people who have been convicted of crime are the only ones to come under the ban, I suppose something may be said in favour of this legislation. If it means that it may be extended to include not merely those but also another section, and a very large section embracing a fine type of people indeed, then I think it is an outrage, and it is merely playing upon this difficult question of constitutional rights in order to accomplish the purpose which apparently the government has in view of disfranchising an important section of the community. I understand that in the original draft of the bill the ground of disfranchisement was very largely the refusal to bear arms, but that same refusal might disfranchise another great section of the community, the Mennonites, of whom there are large numbers not only in the west but also in Ontario. Further than that, it seems to me that the willingness to bear arms ought not to be made a condition of citizenship in this country. We are living in a time when we are talking peace, and to certain people who have long conscientiously regarded this matter as one of the fundamental tenets of their belief, it seems to me we should accord the fullest right to live in accordance with their convictions of duty. If even at Oxford university a debating team can declare that they are not going to bear arms for king and country, it is ridiculous that we should seek to disfranchise an obscure religious sect in our own country because they take a somewhat similar position. For many years conscientious objectors such as Quakers have been freely accorded their rights along those lines and I cannot see that we are advancing the cause either of patriotism or of high Christian citizenship if we enact legislation of this kind.

There is one other matter to which I should like to refer in this connection. Suggestions are being made as to how various abuses could be prevented. The leader of the opposition (Mr. Mackenzie King) takes high ground when he says that every citizen should have a perfect right to cast his vote without hindrance of any kind whatever. I should like to see this committee bring in some sort of clause that would prevent the will of the people being thwarted. I hold in my hand a paper which was published a few days ago in Ontario. It is called The Commonwealth, a weekly review in the interests of the Cooperative Commonwealth for Canadian people. It is volume one, number eighteen and is said to be published weekly by the Commonwealth Guild, 146 King street west, Toronto, Ontario; on sale at all news stands, five cents a copy; annual subscriptions, $2; Great Britain and foreign, $2.50.

This paper, I may say, is entirely faked. It is not the publication of the Cooperative Commonwealth Federation. I see in the centre of this eight-page publication on one side an almost full page photograph of J. S. Woodsworth, "our federally minded leader." There is a part that has been inked out under which inking we can read:

Mr. Woodsworth says:

Then follows:

"Ottawa our Goal." The provincial field is not our "natural element." We must aim higher—

Ottawa Our Goal

On the opposite page there is a photograph of the hon. member for Southeast Grey (Miss Agnes Macphail), with this caption:

We must win the nation.

Then underneath:

Miss Macphail knows, as well as anyone, that the federal field is where the C.C.F. should concentrate.

Organize, therefore, for the approaching federal election. Don't waste your ammunition on the provincial "sprat" to lose the federal "mackerel."

I think the following short article might be taken as fairly typical of the eight pages:

On to Ottawa

Are we then barking up the wrong tree? Could we not render much greater loyalty and service to our cause by joining hands with the Liberal candidates in ridings where we know quite well that split voting amongst government opposition will assure Conservative victories and a hopeless outlook for the C.C.F. in Ontario and the dominion for years. Thousands of loyal C.C.F. followers know that the answer to this is "yes." The defeat of the Conservative party in Ontario is assured if this split vote trick does not fool us.

In contributing, therefore, to the ousting of Toryism in Ontario, the C.C.F. will have accomplished a great deal towards the realizing of our aims and ideals in this province and particularly in the Dominion of Canada. The defeat of the Conservative regime in Ontario

will so blast the hopes of the Ottawa government and so impress the electorate throughout the dominion that the federal election field next year will provide the C.C.F. with a far better and greater opportunity to become a real force in the dominion.

Mr. Mitchell Hepburn immediately before the election—

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: Liberal members may cheer. Mr. Mitchell Hepburn immediately before the election proceeded to appeal to the electors of Ontario and especially to the C.C.F. electors to support the Liberal party. He quoted from what he said was the official organ of the C.C.F. The Commonwealth, and he read a paragraph from the paper which I hold in my hand. He made that the ground of appeal—the official organ of the C.C.F.; this is what the C.C.F. says; this is what Woodsworth says, and so on. There is no indication on this document as to who the printers are and I suppose that in itself makes it illegal. I am not in a position to say whether Mr. Hepburn knew it was a fake; I can hardly think Mr. Hepburn who sat in this house for some years and knew the position we had taken could be so innocent as to believe this was a genuine publication but he used it on the eve of an election when there was no chance whatever for us to answer. If the Liberals cheer and rejoice in this thing, I want to say to them that I would rather our party should go down to defeat than that they should win an election by methods such as this.

Mr. MACKENZIE KING: I rise to a question of privilege. It relates to the point as to whether the understanding at the time of this conference was not that we were considering a draft bill or a draft act and not a memorandum. On page 3001 of Hansard of May 14, the Prime Minister is reported as follows:

Right Hon. R. B. Bennett (Prime Minister): Resolutions have been sent to the clerk of the house with respect to, first the public works bill, second, the elections bill, third, the bill providing for arrangements between farmers and their creditors, fourth, the bill amending the Farm Loan Act.

Then on page 3002, under the heading "Dominion Elections Act" we find this:

On the orders of the day:

Right Hon. W. L. Mackenzie King (Leader of the Opposition): The Prime Minister was kind enough to say he would send me a draft of the election act.

Right Hon. R. B. Bennett (Prime Minister): I sent it over Saturday.

[Mr. Woodsworth.]

The Prime Minister did not say he had sent me a memorandum; he said that he had sent me a draft of the act. That was the only term used in all our discussions. Sometimes it was referred to as an act or bill, sometimes as the elections act, sometimes as the franchise act or bill. There was no mention at any time of any memorandum until this afternoon. With regard to what was said in conversation while in conference in reply to my hon. friend the other day I was careful to draw the attention of the house to the fact that I was referring, in my reply to him, only to the representations which he had made on the floor of the house; that I regarded myself as precluded from saying anything about what had actually taken place in the conversation, other than to indicate in general terms, that the representations that the Minister of Justice had made in the particulars I had mentioned were correct.

On page 3943 of Hansard it will be seen that I spoke as follows:

In what I have now to say, Mr. Chairman, I presume I must confine myself, not to my remembrance of the draft bill, but rather to what the Minister of Justice has just said in regard to the proposed measure.

Then a little further on:

As to the franchise, may I say that I do not believe there is a necessity for altering in any particular the franchise as it now stands. I noticed that in his remarks this afternoon the Minister of Justice has not indicated any changes to be made in that respect.

Mr. Bennett: Except the difficulty in British Columbia.

Mr. Mackenzie King: The Prime Minister mentions the difficulty in British Columbia; I presume he means the difficulty with respect to the Doukhobors in that province.

Mr. Bennett: Yes.

Mr. Mackenzie King: Yes, that is the only possible change in regard to the franchise, and it is a matter which may easily be considered when we have the clause before us. If we leave that matter out of account, and it is understood that so far as the franchise is concerned the new measure will be in all particulars the same as the present act, that will be entirely satisfactory.

Now what I really had in mind and actually thought when I made that statement and said that I believed the measure would be satisfactory was that the government had listened to the representations which had been made by my colleague and myself as to the strong objection that would be taken on this side to retaining the provisions requiring electors to sign an application, and had decided to drop them. I had pointed out clearly in the conference that if the signing of applications was to be required there would be a large number of persons who would not sign and who would therefore be disqualified from

voting. That is what I meant when I said I would be perfectly satisfied if in this bill, which I had not seen, but which the minister was introducing, the franchise was left as it is at the present time. The words are as plain as the English language can make them.

Mr. HACKETT: With the permission of the right hon. gentleman who leads the opposition may I say a few words? I might ask him to pursue the explanation he has given. He has found it convenient this afternoon to vent his spleen both upon the Speaker and upon one—

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: Mr. Speaker, I ask if that is in order? I ask that the hon. member be obliged to retract that statement. I say that the language used by the hon. member in reference to myself is unparliamentary and should be withdrawn.

Mr. SPEAKER: The hon. member should not accuse the right hon. leader of the opposition of venting spleen.

Mr. HACKETT: Mr. Speaker, I will withdraw the term and say that he has found it convenient this afternoon to address language to the chair which seemed questionable in the minds of most hon. members. Furthermore, carrying on in the temper in which he had addressed the chair, he has found it convenient to address certain words to a newly arrived member and one who occupies a very inconspicuous position in the party to the right of the speaker. As the right hon. gentleman is in a mood to explain, and as he is an adept at explanations, I ask the right hon. gentleman to tell this house how a memorandum which he has called a confidential memorandum, discussed in what he called a confidential conference, found its way into the press, when he and he only was in possession of that memorandum.

Mr. MACKENZIE KING: Mr. Speaker—

Mr. HACKETT: When the right hon. gentleman has given this explanation to the house, then and not until then may he use the terms of chivalry and justice and decency which so frequently fall from his lips.

Mr. MACKENZIE KING: In the first place may I say that I think the remarks of the hon. member are in the nature of an insinuation which he should be obliged to withdraw, and I ask that they be withdrawn. I say to the house, as the house will well remember, that before any conference took place whatever between the Minister of Justice (Mr. Guthrie) and myself, the press of this country had a very full and fairly accurate statement of much that appeared in the so-called draft measure. Any information that was obtained throughout the country with regard to the measure came from that source. I said the other day in this house, and this statement was accepted by the Prime Minister and hon. gentlemen, that I had not in any way disclosed any matter of confidence with respect to the conference. I think my word will be accepted by everyone, even the hon. gentleman who has just spoken. If he is not prepared to accept it, of course, I must just allow him to pursue the course that he thinks proper. But he rather prides himself as being one who understands the amenities of parliamentary life, so I hope he will now show that he is capable of appreciating the obligations of a gentleman by withdrawing the insinuation which neither he nor anyone else had the right to make.

Mr. HACKETT: Mr. Speaker, I shall withdraw any insinuation, that I may give to the right hon. gentleman an example which I trust he will follow.

Mr. BENNETT: Mr. Speaker, purely on a question of privilege, I do regret, especially in view of the observations made by the right hon. gentleman who has just resumed his seat, that he was not quite fair either to the house or to myself. These were his words, not in the heat of passion, not in the midst of discussion but immediately after he commenced speaking, as found on page 3942 of Hansard:

> As the house will remember, I frequently asked the right hon. Prime Minister (Mr. Bennett) when we might expect to have this new electoral measure brought down. Finally, towards the end of April, the Prime Minister stated that very shortly a bill would be printed and that he would see that, as leader of the opposition, I was supplied with a copy. When the bill was printed the Prime Minister had a copy sent to my office, and on the day the copy arrived he stated in the house that it had been so sent. Later in the day, the Prime Minister said to me that he would be pleased if I, together with one of my colleagues, would confer with the Minister of Justice and the Secretary of State concerning the measure. The Prime Minister was careful to state at the time that the purpose of the conference was solely that of considering a draft measure with a view to seeing how much in the way of possible agreement might be arrived at in the introduction of a measure of this kind, and that our conference was to be entirely without prejudice in any direction. That is to say, anything that was said at the conference would not necessarily bind the government with respect to its rights in the matter of the final form of the bill and would not in any way limit the opposition or other parties in the house with respect to proposals and criticisms they might wish to make.
>
> When the hon. member for West Edmonton (Mr. Stewart) and myself met with the Min-

ister of Justice and the Secretary of State, we were again advised that the measure before us was a draft measure and that neither side would be committed with respect to any suggestions that might be made or with respect, as I understood it, to any conclusions that might be reached. We were simply to endeavour to see how far our minds might be brought to be as one with respect to the measure as drafted. As the Minister of Justice has stated, the draftsman, Mr. O'Connor, was present at the two conferences that took place, and was consulted with respect to the intent and meaning of different clauses.

On these matters I think there is no point of difference between us. If I have omitted to refer to any phase of either of the interviews which either the Secretary of State or the Minister of Justice would expect me to mention I should be glad to be reminded of it and to say what may seem necessary by way of comment.

Now, I do submit to this house that what I said this afternoon is borne out by what I have just read; that the purpose of the conference was solely that of considering a draft measure with a view to seeing how much in the way of possible agreement might be arrived at in the introduction of a measure of this kind. That is all. There was no bill.

Mr. CASGRAIN: There was a bill.

Mr. BENNETT: Pardon me, there was no bill; it was in the form of a bill, and there are many of them in the privy council office, as I said before. The draft had not even been considered by the cabinet. That draft had been given to the right hon. gentleman in order to see what parts of it we might agree on for the introduction of a bill. The bill now before the house represents the only bill which was considered by the council and approved for the consideration of this house. I mention that only as a matter of privilege, because I think there was no doubt in the mind of the right hon. gentleman at that time that what was before him was a draft submitted to him for the purpose of arriving at a conclusion.

As far as the rest of it is concerned, I think it is very much to be deprecated that difficulties have arisen as to recollection, in view of the statement made by the right hon. gentleman in the opening of his observations. The endeavour to describe a draft that has not been submitted to this house as a bill which represented the mind of the government is as unfair and ungenerous as the right hon. gentleman a few moments ago said were certain observations of other hon. members of this house.

Mr. MACKENZIE KING: There is no difference between the statements I made this afternoon and what my right hon. friend has read.

Mr. BENNETT: Oh dear, dear. Just read them.

Mr. HACKETT: On a question of privilege, I am going to ask the right hon. leader of the opposition whether or not he thinks he should withdraw the words he addressed to me this afternoon, having attributed to me words which I did not utter.

Mr. MACKENZIE KING: Will the hon. gentleman tell me what words I attributed to him that he did not utter?

Mr. HACKETT: The right hon. gentleman said I had addressed him and his former ministry in terms of "we" and "us" as if I were speaking for His Majesty's government. That is an inaccuracy.

Mr. MACKENZIE KING: The hon. member has just stated that I used the word: "me" and "my ministry." I have no ministry.

An hon. MEMBER: And you never will.

Mr. MACKENZIE KING: We shall see; do not be too sure. I was referring to the ministry which my hon. friend follows, of which I said, by the expression he used, he seemed to think he was a member.

Mr. HACKETT: Apparently the right hon. gentleman wishes to miss the point. He has declined to make the amende honorable, and I cannot say that I am entirely astonished.

Mr. ARTHUR DENIS (Translation): Mr. Speaker, before this bill is referred to the special committee appointed to either sanction or amend the elections act. I wish to make a few suggestions in order that members of that committee be not deceived by some of the speeches delivered by our friends opposite with the intention of disguising the object which the government have in view in introducing this bill, in the last days of the session. To my mind, this bill is but a gilded pill which leaves me quite indifferent. Like the former act passed previous to the 1917 campaign, its object is simply to steal elections. Members opposite wish to sanction this bill at this session because of their fear of being put out of power and having to remain at home. I see no necessity for introducing this bill when all are aware that the two official parties were quite satisfied with the former act, at the last election. The Conservatives took office thanks to this act; however, it is obvious, to-day, more than ever, that their victory was not due to that

act, but rather to their lies and pledges, they therefore fear now that their promises might not have the same result.

I have serious doubts, sir, as to the government's intentions in introducing this measure. The following is a proof of their lack of sincerity: after accepting the suggestions of the right hon. leader of the opposition (Mr. Mackenzie King) to appoint two enumerators, whose names would be suggested by the former candidates, the hon. Minister of Justice (Mr. Guthrie) forgets to include the suggestion in the bill, in order to be better prepared to again set aside his promise and appoint two enumerators of his own choice.

With reference to the signing of a form by the electors in what way will the object of the bill be attained, if the enumerators do not often call at each home to ascertain the names of the voters? If these enumerators simply make one call and find the people absent, the latter will have to go to the trouble of leaving their residence so as to sign a new form in the presence of the receiving officer.

If the government were in earnest, and wished to extend the franchise, thus allowing all persons duly qualified to register their vote, it would introduce a measure compelling such persons to exercise their franchise. It would thereby dispel many doubts as to its intentions.

I have little to add, sir; however, I wish to state that this conflict of opinions with reference to this new act should be settled by the people instead of by the house. The government is aware that it does not command, to-day, the confidence of the people. It is high time to appeal to the people, so as to get rid of a government which, for the last four years, is dying from inertia, has done nothing to help the people of this country and, thereby, realizes, to-day, what responsibility weighs on its shoulders.

Hon. MAURICE DUPRE (Solicitor General) (Translation): Mr. Speaker, I followed the hon. member's remarks. May I put forth a suggestion. It would be more practical for him to repeat his suggestions before the committee when the latter meets. Thus, the hon. member will discover that his fears and charges are ill-founded and, furthermore, it will give the committee an opportunity of taking advantage of his experience and suggestions.

Mr. PAUL MERCIER (St. Henri). I should like to add a few words to what has been said by the hon. member for St. Denis (Mr. Denis), and to offer a suggestion with regard to rules 1 and 2 of schedule A to section 17, which has to do with the preparing of lists of electors.

I humbly submit that if this provision is not changed many people entitled to vote will not have their names on the list, and this will work to the disadvantage of all candidates in the next general election. I suggest that these enumerators—of whom I hope there will be two—when going from house to house should be allowed to register all those residing in that house who are over twenty-one years of age and entitled to vote, according to the Franchise Act. That was the practice followed in the 1930 election. The legislation was amended to meet the wishes of hon. gentlemen opposite, who were then on this side of the house; one more enumerator was given them, and that law was accepted as being as nearly perfect as possible. Now we wish the same privilege we granted them in 1930; we want these two enumerators to prepare the list as it was prepared then, when hon. gentlemen opposite were returned to power. Surely they can offer no objection to that law, because the Minister of Justice (Mr. Guthrie) has said that he wants to extend the franchise to all those entitled to vote. I humbly submit that it should be done in this way. If you just leave a form at the house to be signed by each voter, during the day the husband, the son and the daughter will be away, and if there are boarders in the house they will be at work also. If we wish to give the franchise to all those who are entitled to it, and to act on a basis of giving British fair play we will have to have the enumerators inscribe on their lists the names of those who have the right to vote. They could do that when they go from house to house preparing their lists. I humbly suggest that this system was approved in the past and those who were entitled to be on the lists were on the lists. Perhaps if the enumerators would leave a few applications at the houses, according to the number of voters, those people might sign the applications. They would be obliged to return them to the enumerators who would be the only judges to say whether or not those people were entitled to vote.

May I say that one must read the form appearing in the schedule. Let us consider the case of a woman who has never signed anything in the absence of her husband. Husbands tell their wives not to sign this or that document without authorization. Does any hon. member think that a woman would sign these blanks? I say most of them would refuse, because they do not know why they are signing; they do not know the purpose of it. They would not sign, and especially when they must swear that they have taken

cognizance of the forms and all matters and things printed on the back thereof. Such procedure would be unjust on the face of it, and does not have the effect of granting the franchise to those who would like to have it. I humbly submit to the Minister of Justice, who is so anxious to give the freedom of the franchise to everyone entitled to vote, that he should see that this list is prepared on the basis and as a result of the instructions given when the preparation was made in 1930.

Another suggestion is this, that if we are to accept the signatures of all these persons their duty must be made very simple. We cannot, by a long written document make the plan operative, in the judicial sense. The applications should certainly be taken by the enumerators. I know of one district in Montreal with a population of 97,000 and a voting population of 65,000, and I am wondering why those people should be obliged to find a registrar or to go here and there on behalf of a revision. That would be the burden imposed on the people of that district, and I suggest it is not the proper way to give the franchise to Canadians. They are entitled to vote, and they must not be stampeded by legislation or by putting obstacles in their way in the matter of getting their names on the lists. Let them have their names on the lists in as free a manner as possible, so that they will be given justice, and may attain their rights easily and according to British fair play. Let us have a system so that all voters will be on the lists and will be accorded the best and easiest way of having their votes inscribed.

I say again that the system in 1930 was satisfactory. The Conservative party then sitting to the left of Mr. Speaker, appeared before the committee on privileges and elections, asking for some amendments to the law. Strange to say, in 1930 we had a change in the Elections Act. In 1917 the law was changed by hon. members now sitting to the right. In 1921 another change came into effect at the request of the Conservative party. When the Liberal party assumed office amendments were asked, and were given. Then, in 1930 the Conservative party took the reins of office and, in 1934 when an election cannot be far distant, when we may expect one either now or next year, that party comes along and changes the act. When it has been in power the Conservative party has always changed the Elections Act and when the Liberal party has been in power they have offered changes.

In my humble view the 1930 legislation should be accepted as a fair basis upon which any party could prepare new voters' lists. Voters should be given ample facility to register and should have the facility to which under British justice they are entitled.

Mr. H. E. SPENCER (Battle River): Mr Speaker, I should like to refer to the statement made a few moments ago by the hon. member for Winnipeg North Centre (Mr. Woodsworth). In his remarks he referred to the publication of a paper entitled The Commonwealth, a weekly review in the interests of a cooperative commonwealth for Canadian people. He mentioned that this was advertised as being printed at 146 King Street West, Toronto. He omitted to say—and I am saying it for him—that this address is the head office of the C.C.F. in Toronto, and it is an absolute falsehood to say that this paper is printed at that address. The address given on the publication is given intentionally to mislead people, which apparently it did. I draw the attention of hon. members to the fact that the address is entirely wrong, that the place indicated is the head office of the C.C.F. in Toronto, and that the paper was not printed at that place.

Mr. JEAN FRANCOIS POULIOT (Témiscouata): Mr. Speaker, I listened to what was said by the hon. member for Winnipeg North Centre (Mr. Woodsworth). He said that Mr. Hepburn, the premier-elect of Ontario, appealed to the C.C.F. voters in the Ontario campaign. His appeal was not absolutely that. He appealed to all men of good will, and all the men of good will in the good old province of Ontario have answered his call.

I have very little to say about this bill. I made the suggestion that section 4 should be amended. It disqualifies the Esquimaux and the Indians. I suggest that also those who make extravagant promises during election campaigns should be disqualified. This is a very humble suggestion I make to the committee. Then, there is another suggestion I would offer to the government. I have not read the bill, but I shall read it before the election. My impression is that the Prime Minister wants to leave something behind him in the shape of books, statute books. Why does he not publish a telephone directory of all the cities of Canada as a statute in order to make a still larger book? All the legislation that has been enacted by this government since 1930 is economically unsound, useless and futile. The only sensible legislation which has been passed by this government is the act relating to the statute of Westminster, which had been decided upon by the hon. member for Quebec East (Mr. Lapointe) and the British government be-

fore this government came into power in 1930, and all that this government did in the matter was simply to repeat what had been decided upon by the previous Liberal administration.

Sir, there are hard things done at times during an election, and there are hard times, but it is not on account of Liberal policies. But it is hard when the Tories try to steal our votes. During one campaign when the shadow government was appealing to the country a man went about from house to house and door to door asking people to give him their names so that they could be registered, and after they had given him their names this man gave to the registrar the names of the good Tories of the constituency and left off the names of the Liberals. I have made this same statement in my home town of Riviere du Loup, to the shame of that man. Last year I asked the government if that man had been employed by them in the election, and the answer of the Secretary of State was no.

In this legislation, Mr. Speaker, I notice that the government is trying to have the least possible number of votes cast in the next election. That is my personal opinion. What happened last year? We had a Redistribution Act.

Mr. McINTOSH: The first steal.

Mr. POULIOT: It was the first steal after the Liberal victory in Huron which brought us a message of cheer from the good old province of Ontario. Now that the Conservatives have been swept out of office or defeated at the polls by popular indignation in provincial elections in Nova Scotia, British Columbia, Quebec, Manitoba, Ontario and Saskatchewan, the Tories are like flies on fly-paper. The Tories here are trying to stick to office, but they will not stick to it against the will of the people. They will be blown away just as Conservative governments have been blown away in Nova Scotia, Ontario, Saskatchewan and British Columbia.

Mr. E. C. ST-PERE (Hochelaga) (Translation): Mr. Speaker, within the last few years, sociologists and all those who take an interest in public matters have endeavoured to create throughout the country a stronger civic spirit. One delights in repeating, here and there, that nations have the governments they deserve and, one even extols compulsory vote, in order to oblige citizens to fulfil the most important duty of all those which fall to their lot—after the one rendered to God—to all exercise their franchise, on election day, both provincial and federal.

The bill which bears the number 101 is far from promoting such a civic spirit and I note that far from pointing out to our people this spirit which is proclaimed everywhere, such a measure would close all avenues, not only as regards compulsory vote but also as to the one that all citizens are morally called upon to give at election time.

In my opinion the first provision of the bill, that of the preparation of the lists of electors in our large cities, will disfranchise three quarters of the electors at the next election. What do we find in reading over this provision? That the enumerator will have one single form signed by the only person present at the residence when he calls, disregarding entirely those who are away from the house. Our friends opposite will contend that those absent will have, as a last resort, the office of the revising officer. I appeal to their good faith and their practical knowledge of how the vote is to be cast in our large cities. I cannot recognize or approve by my vote a measure which would deprive of their franchise the three quarters of the electors of my constituency. During this crisis when people leave their home daily to seek work, here and there, can one reasonably suppose that an enumerator calling at a house, at any hour of the day, will find there every one who is entitled to vote on polling day?

Let us closely examine this famous rule, No. 1. What more do we find? An enumerator, twenty years old or even older will be the sole judge to decide of the right of vote of an elector having signed a form.

I cannot subscribe to such a regulation which would deprive my electors of their right to exercise their franchise. Why close to the elector, by such a bill, all avenues which lead, as I previously stated, to the fulfilment of this important duty of casting his vote on election day?

The right hon. Prime Minister (Mr. Bennett) and the hon. Minister of Justice (Mr. Guthrie) pointed out the other day that such a measure would purge election morals. I am perhaps a pessimist, however, I always recall this advice of Jean Jacques Rousseau to his son: My son, beware of mens honour when the sun has set!

Without attributing any bad intention to those who are, at present, the sponsors of this bill, I state that this piece of legislation such as drafted will receive not only my disapproval as to the various provisions embodied but I shall cast my vote against the bill, unless it is amended.

The right hon. Prime Minister pointed out to us—Oh! the fear of those greatly frightened

—that an election may be won by telegraphing, by plugging, an expression used in Western Canada. A candidate must consider himself not very popular to resort to telegraphing or plugging organization on election day.

Mr. DUPRE (Translation): You are not guilty of such a practice.

Mr. ST-PERE (Translation): For my part I have always fought my opponents sir, without resorting to such means; however, I shall submit a system that the best of the candidates may against his will, see applied in his own constituency. This bill might, perhaps, prevent plugging or telegraphing, but there is one thing which it will certainly bring about, namely, the most dangerous system of stealing an election. On voting day, in large cities, between 4 p.m. and 7 p.m. when voters crowd the polls, these will be blocked, and a deputy returning officer, who without being the least partial will be called upon to apply all the provisions of this new election act.

One, ten, twenty or forty workmen are at the polls in order to vote. Even if the deputy returning officer had the best intentions in the world, he must refer first to the alphabetical list to see that the elector is inscribed, secondly examine the geographical list which is the poll list, moreover he must also verify the famous signature of the elector. If the latter is somewhat nervous, somewhat irritated for having waited so long at the door of the poll, he may sign with a shaky hand, perhaps, a little different from what appears on his form. The deputy returning officer may then declare on the spot that this elector cannot vote. Forty voters at the door of the poll, an average of seven minutes for each voter! The most popular candidate of a county, may find himself, when the votes are counted in the evening, defeated by a large majority.

The delays at the polls are more to be feared than the great apprehension of telegraphers and pluggers. When telegraphing organizations are at work, there is to be found sometimes a person conscientious enough to inform the day before the candidate who he knows to be an upright man in election matters, that, in such and such a place of his constituency there exists an organization to rob him of his election.

I shall mention no date, but in the course of my election campaigns one of my opponents who had organized a similar system, was greatly disappointed on election day, when at nine thirty a.m., thanks to the information given by an honest Conservative, I had thirty-eight of these telegraphers arrested whom he had organized the previous day.

These are the bugbears which one wishes to utilize to justify this election bill which is, properly speaking, not a measure to grant the franchise, but really to eliminate three-quarters of city voters. Perhaps one may contend, to use an English idiom—for English it seems is more "telling" in matters practical—"that will work both ways." To my mind, in large constituencies, whether the majority be Liberal or Conservative, such a bill has no common sense. In no way will it contribute to uplift the level of electoral ethics.

Now, sir, could my hon. friends opposite define what constitutes an illiterate person? An illiterate person, Larousse says, is a person who neither can read nor write. In the province I represent—and it is not inferior from an intellectual viewpoint to the other provinces of this dominion—there are a number of people who can read but cannot write. All such persons shall apply to the revising officer who, alone, shall have the right to inscribe them on the electoral list. Can you imagine, sir, in large constituencies like Hochelaga, St. Denis, St. Henri, etc., old people walking long distances to call on the revising officers?

One may contend that the object of the law is to protect the people against their own acts, that is, to instil in them a civic spirit; however, this measure of expediency has a political end in view and for an entirely different purpose. This bill is the outcome of a selfish design, it is the clear manifestation of a will not so much to create a better act but to disfranchise in large cities voters, the majority of whom are favourable to the candidates of the Liberal party.

I appeal, sir, to the sense of fair play of my friends opposite. I do not state that they are responsible for the drafting of this bill; however it is a current rumour in Ottawa, that the author of such a measure, is the person who had the boldness of drafting the elections act during the war. These facts are known by all and that is the principal reason which forces me to protest against the adoption of this bill. This measure is intended to help the Conservative party. Why should the Conservatives resort to such a measure, as a matter of mere expediency, considering they were hoisted to power in 1930, by this franchise act which has governed us heretofore? If the policy of our friends opposite was so beneficial to the country, they surely have no fear to proclaim it to the people at the next dominion election. If the measures they passed this year, such as the marketing board and other similar ones,

are destined to spread, among our people a prosperity unknown to us since the beginning of the crisis, they should carry out their next election under the shield of the elections act which raised them to power in 1930, and to which no one objected heretofore.

The mechanism, sir, of the bill introduced will be a source of further expenditure to the country. When so many workmen are suffering in our cities, when our small property owners are faced with bankruptcy, is the time well chosen for a government which, from the moment it took office, has advocated thrift everywhere, is it opportune to make further outlays by creating new positions: revising officers, franchise commissioners whose salaries will certainly not be that earned by a poor unemployed, at present. Why further burden the Treasury of our country?

I shall only support this bill if it improves the 1930 act. To use a well known expression: I am from Missouri and you have got to show me. As long as you do not prove to the Liberals that this measure will be a great improvement, I shall oppose it. I take this stand to protect the electors whom I represent against all encroachments of their franchise. One cannot be too prudent in these days of various changes. Bill No. 101, such as submitted to Parliament, deserves the disapproval of the champion of the dearest rights of the people: the voter.

Mr. ALFRED SPEAKMAN (Red Deer): To my mind this bill deals with a subject of transcendent importance, an importance far beyond that of any party consideration, of any consideration of racial origin or of creed, because its object is or should be to secure to every qualified citizen of Canada, no matter what their ideals or beliefs, the opportunity of recording their vote, and to suppress to the degree that is possible fraud in connection with elections, in order that when an election does take place it shall reflect the real voice of those in Canada who have a right to speak. Because of this fact I was delighted when the Minister of Justice moved to have this bill referred to a committee. But I find myself wondering whether I was mistaken in my conception of the reasons why this bill was thus referred.

In listening to the leader of the opposition (Mr. Mackenzie King) when he made the suggestion, in which I fully concur, that the bill should be sent to a committee, I understood that it was to avoid protracted and contentious debate in this house, contentious debate upon a subject which, as I have stated, should be beyond political considerations because it is a subject upon which rests not the fate alone of one party but the fate and the proper functioning of all of our democratic institutions in this country, of parliament itself, and of any government which is returned to power. I have begun to wonder of late, however, as the debate proceeded, whether I was mistaken in that conception of the purpose, for it seems to me that in the form which the debate has taken—and I make no reference to any one in particular of the three sides in the house—that purpose is being defeated, and those passions are being roused which it should be our object to obviate. To my mind, though I may be mistaken, as I have been accused of being a visionary in these matters, this is one subject which essentially should be treated dispassionately, calmly and wisely; and in a reference to a committee it would be made possible for the discussion to be carried on free from this passion, for an agreement to be arrived at based on the suggestions and ideas of all sides of the house, so that when it did come before the house, after the committee had finished with its work, it might be a bill which might be presented to the country as the united voice of parliament seeking to bestow on the people an opportunity of speaking and registering their views, politically speaking, no matter what those views might be.

Might I make this suggestion, that in this committee itself, all differences of opinion might well be threshed out to better effect than in the house; and if agreement is then not reached, when it has become obvious that agreement cannot be arrived at and that strong differences prevail, then after the committee had reported would be time for any real fight to be carried on. I am not speaking merely because, like everyone else, I should like to get home; I am speaking in the interests of the bill and of every party in this house, and I think I express the opinion of most people in this country.

Mr. JOSEPH A. MERCIER (Laurier-Outremont): It is not my intention to take up much of the time of the house after the lengthy discussion we have had, because I intend to appear before the special committee named this afternoon and submit to that committee my views in reference to this bill. But as so much has been said by members from the city of Montreal in reference to the bill, I think it is my duty to add a word or two to what has already been stated.

In the first place, I believe that in 1930 the electors of Canada were more than satisfied with the electoral lists as submitted to them.

At that time, you will remember, enumeration was made by a visit from house to house. The list was prepared and submitted to the electors and to the candidates, and the utmost satisfaction was expressed with regard to that list. The difference with the present bill is that the two enumerators to be named by the registrar will likewise make a house to house visit with application forms for registration on the voters list, but of necessity it will happen, in places like Montreal, in the division which I represent, that these visits will be made in the day time. During the hours of these calls most likely the only person to be found in the family residence will be the mother. The application form will be presented to that lady and she alone will have the right to have her name placed on the list because the application forms when signed, are returned to the enumerators who give a receipt stating whether they accept the application of the person who is the signatory to the form. In cities like Montreal and, as a matter of fact, in most cities throughout Canada with the enlarged franchise that we have now, there are in some families as many as twelve persons who are entitled to vote and the result will be that only the mother of the household being present when the enumerators make their calls, she alone out of the large number of persons in that family entitled to vote, will have her name placed on the list.

What will the other members of the household do? The law does not seem to be clear or, at any rate, it is not clear to me on that point; but the enumerators will possibly leave other application forms there because the law provides for the signing of these forms apart from the presence of the enumerators. If we assume that such a condition exists, if the other members of the family desire their names to appear on the voters' list, they will have to sign these forms and take them to the office established either by the registrar or by the revising officer. For the reason I have just given there will be a large number of persons who, if they desire to have their names on the voters' list, will have to go before that official and the result will be that they will have to wait a long time outside his office. They will have to suffer loss of time and inconvenience in waiting at that office and in many cases such people will not go to that trouble with the result that out of a family of several persons entitled to vote the only one whose name, according to the preliminary arrangements made upon the visit of the enumerators, will be found upon the voters' list, will be that of the mother.

I think the Minister of Justice (Mr. Guthrie), in explaining this measure when he introduced it in the house in the beginning of the week, said that the main idea of the government in presenting a new franchise measure was to shorten the period during which an election could take place. It is quite true that under the 1930 act six weeks passed during which the election campaign was carried on and the present idea of shortening that period is in itself good, but it seems to me—and I shall submit this to the special committee named this afternoon—that if these enumerators were empowered to make a second and perhaps a third visit to the family in order to pick up the application forms which might have been signed in the interval by the other members of the household, the period during which the election could take place would not be changed and elections could be brought about in the same manner in a period of one month or five weeks. The enumerators would pick up the applications signed by the other members of the family who were absent on the first call; those applications would be submitted to the registrar; the registrar would draw up the list and once it was drawn up in that manner it would become a closed list just as it is the intention of the government to have it. If the election comes on, as we hope it will, within twelve months after the making up of the lists, no revision will take place, but in case of a revision of the lists during the revising period fixed by the law the same difficulties will be encountered; a man who moves from one district to another in a city and whose name is not on the list will have to go to the same trouble as he would have had to do in the case of the drawing up of the basic list. This means a period of disturbance for all the electors of Canada every twelve months when these lists are being revised.

In addition, I would like to draw attention to one clause in the bill which says that the revising officer may direct an elector who has made application under the revision to have his name put on the list, to go to another district than the one in which he resides. That is an additional burden upon electors. If we take the matter as a whole, if it were possible for these enumerators by making several house to house visitations to draw up a list which would be closed and would resemble the list of 1930, the people of Canada would be amply satisfied with such a list.

I understand there is a question of expense which has to be taken into consideration in

this matter. The sum of $600,000 has been placed in the supplementary estimates to put this legislation into working form but it would not be a matter of great additional expense if these enumerators followed up their first visit, went back to the households in which were persons entitled to vote who were not present on the first call, get their applications and submit these to the registrar. In this way a competent, efficient and just list could be drawn up and the election carried on in such a manner as to satisfy the people of Canada.

Motion agreed to.

DOMINION ELECTIONS ACT

On the order for the second reading of Bill No. 115, respecting the election of members of the House of Commons:

Hon. HUGH GUTHRIE (Minister of Justice): Before the motion is made in this case I shall have to ask the unanimous consent of the house as this bill has not been printed. It is cognate to the bill we have just sent to a committee and I propose to move that it be sent to the same committee. If that committee is to meet early in the week it might consider both bills at the same time and in that way avoid delay. If the house agrees I will move that this bill be read a second time and be referred to that committee.

Right Hon. MACKENZIE KING (Leader of the Opposition): I assume the Minister of Justice will undertake to say that in no way will we be committing ourselves to any phase of the measure.

Mr. GUTHRIE: No committal at all.

The SPEAKER: Mr. Guthrie moves that Bill No. 115, respecting the election of members of the House of Commons, be read a second time.

Motion agreed to and bill read the second time.

Mr. GUTHRIE moved:

That Bill No. 115 be referred to a special committee of this house to consist of Messrs. Guthrie, Duranleau, Hanson (York-Sunbury), Willis, Stirling, Lapointe, Stewart (Edmonton), Power and Irvine to inquire into and report said bill to this house.

Motion agreed to.

BANK OF CANADA ACT

The house resumed from Thursday, June 21, consideration in committee of Bill No. 19, to incorporate the Bank of Canada—Mr. Rhodes—Mr. Rowe in the chair.

On section 9—Directors.

Mr. RALSTON: The committee was discussing last evening an amendment which I was proposing to section 9. I placed the amendment in the hands of the chairman, but it has not actually been read. The amendment is:

That section 9 be struck out and the following be substituted therefor:

9. (1) In addition to the governor and the deputy governor as members of the board, and notwithstanding anything contained in section ten of this act, the following members of the civil service of Canada shall be provisional directors of the bank, namely, the deputy minister of finance; the counsellor of the Department of External Affairs; the comptroller government guarantee branch; the comptroller of the treasury; the comptroller of currency; the director of estimates and assistant secretary to the treasury board, and the solicitor to the treasury, and shall remain in office until replaced by directors duly elected or appointed in their stead, as hereinafter provided. The said provisional directors shall serve without remuneration.

(2) To replace the provisional directors designated in subsection (1) hereof, four directors (hereinafter referred to as "shareholder directors") shall be elected by the shareholders and three directors (hereinafter referred to as "federal directors") shall be appointed by the governor in council, as provided for in subsection (3) hereof;

(3) (a) At the first general meeting of shareholders, four shareholder directors shall be elected for terms to run as follows: one until the third annual general meeting, one until the fourth annual general meeting, one until the fifth annual general meeting, and one until the sixth annual general meeting, respectively.

(b) As of the date of the first general meeting of shareholders, three federal directors shall be appointed for terms to run as follows: one until the date of the fourth annual general meeting, one until the date of the fifth annual general meeting, and one until the date of the sixth annual general meeting, respectively.

(4) From time to time, on the expiration of the terms of office of the respective directors, the successors to shareholder directors shall be elected by the shareholders, and the successors to federal directors shall be appointed by the governor in council and each of such successors shall hold office until the date of the fifth annual general meeting after such election or appointment.

(5) In the event of a vacancy amongst the directors, if the director whose place has become vacant is a shareholder director, the board shall appoint a qualified person to fill the vacancy and to hold office until the next annual meeting when the shareholders shall elect a person to fill the vacancy for the remainder of the term of such director; and if the director whose place has become vacant is a federal director, the governor in council shall appoint a qualified person to fill the vacancy and to hold office for the remainder of the term of such director.

(6) Directors shall be eligible for reelection and reappointment.

I have already indicated to the committee the purpose of the amendment, which is to substitute for seven directors appointed by private interests as represented by the shareholders of this bank four directors to be appointed by the shareholders and three by the governor in council.

The Prime Minister (Mr. Bennett) in replying to what I said last evening, mentioned two or three points which I should like to recall to the committee. In the first place he rather took issue with what I said as to the powers of the treasury board under the Finance Act. He is quite right in this, that the treasury board has not the full powers as provided for the central bank in this bill. But the point I was making is this; the Prime Minister indicated that his reason for not having the government take a prominent part in the control of this bank was that he did not want the bank made a political football. My point was that ever since the Finance Act passed the treasury board, which is admittedly and wholly a political body, consisting of five members of the government of the day, have had all the powers under the Finance Act, which powers include almost every power provided for in the central bank bill. I think the only two powers omitted, speaking generally, are the power to deal in gold bullion, which after all is a power which the government has in a general way under our present financial structure, and the power to make advances in certain cases on commercial paper.

Mr. BENNETT: And a third power, open market operations.

Mr. RALSTON: If the committee will permit me to withdraw and correct that last statement; I should have said that the second power which the central bank has which the treasury board has not is the power to conduct open market operations. Under the Finance Act the treasury board have power to make advances on:

(a) treasury bills, bonds, debentures or stocks of the Dominion of Canada, Great Britain, any province of Canada, and of any British possession;

(b) public securities of the government of the United States;

(c) Canadian municipal securities;

(d) promissory notes and bills of exchange—

And I commend this to some hon. gentleman who suggested that there was no such power.

—secured by documentary title to wheat, oats, rye, barley, corn, buckwheat, flax, or other commodity;

(e) promissory notes and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes and which have been used or are to be used for such purposes.

[Mr. Ralston.]

And then section 7.

The minister may permit bills of lading or other documents of title, covering such grain or other commodity while in transit, to go forward under the control of the bank to the point at which delivery is made and payment therefor is received, and the bank shall be a trustee for the minister, to the extent of the advances, of the proceeds received for such grain or commodity.

Those powers are pretty wide. They were administered by a political body, and there never was and never has been any suggestion made, and no suggestion can be made that in any sense the powers of the ministry and the treasury board under the Finance Act permitted the financial system of this country to be made a political football.

That is the point that I was endeavouring to make. And my attention is called to what Sir Thomas White said with regard to it:

It was suggested during the course of our hearings that political influence might possibly affect unfavourably the administration of the Finance Act because the treasury board which authorizes advances and fixes rates of interest payable thereon is composed of members of the government. With regard to this I have only to say that if by "political influence" is meant partisan or improper influence not a shred of evidence has been adduced before the commission in support of such a suggestion.

That is why I was referring to the Finance Act. The fact that the central bank has a little more power, that is power to conduct open market operations, which merely means the buying and selling of securities, and power to deal a little more freely in gold, I do not think detracts in the slightest from the point that I was endeavouring to make, that even under direct political control the administration of the Finance Act has never been made a political football. So I think we can put that suggestion aside; I think it is not justified at this period in our history. Even in the financial publications, for instance in the Financial Post, I noticed not long ago a statement in regard to this very matter indicating that political considerations had not entered into the administration of the Finance Act and it was not believed that they would enter into the administration of a central bank. That is one reason that my right hon. friend gave for not accepting the amendment for government ownership.

What has my right hon. friend brought out in connection with the proposal for government control? He has said, and I see the statement appearing prominently in the press this morning, that in no country is there so large a measure of control in the hands of the government as there is under the bill which is at present before this house.

Mr. BENNETT: Pardon me; the hon. gentleman might look at Hansard and see what I did say.

Mr. RALSTON: I am stating what the papers say.

Mr. BENNETT: But that is not fair.

Mr. RALSTON: I intend to be perfectly fair.

Mr. BENNETT: The press is not the official record.

Mr. RALSTON: I quite understand that, but I say that is the effect which the press is taking from what was said.

Mr. BENNETT: But unfortunately that is not what I said.

Mr. RALSTON: All right. Let us deal with the degree of control which is exercised. My right hon. friend made quite a point of the degree of control found in this bill. The three points which my right hon. friend stressed were: Number one that the governor of the bank is appointed by the governor in council, or his appointment is subject to the approval of the governor in council. Number two: the Prime Minister said the deputy minister of finance under this bill is made a member of the board, although he has not a vote; therefore the government has communication as to what is going on in the board room and general supervision, without any power so far as the deputy minister is concerned, over what is being done by the directors. Number three: the Prime Minister said nothing can be done by this board of directors without the consent or the sanction of the governor, who is appointed by the governor in council in the first instance and whose appointment must be approved thereafter.

My right hon. friend rather laid strong emphasis on the fact that he knew a good deal more about this bill than anyone else knew.

Mr. BENNETT: That is not fair, either. The hon. gentleman said that I treated it in a cavalier sort of way, and I said I thought I knew as much about it as any other member of the committee, but I did not pride myself on knowing any more.

Mr. RALSTON: If I may suggest, I think the Prime Minister did this: he compared what he knew about the bill with what little I knew about the bill.

Mr. BENNETT: No.

Mr. RALSTON: Well, Hansard will bear me out in that; that was the substance of it, and then my right hon. friend said he did not want to boast about it, but at the same time he felt that he knew as much about the bill as anyone else did.

Mr. BENNETT: I think I do.

Mr. RALSTON: I do not boast about it at all, but if there is anything to be said with regard to those features in the bill on which my right hon. friend lays so much emphasis, I think it might be fairly said that two of the three points on which my right hon. friend relies as being the sheet anchor of government control were introduced in the committee and included in the bill at the suggestion of those sitting on this side of the house.

Mr. BENNETT: Hear, hear.

Mr. RALSTON: So I do not think my right hon. friend can suggest that there is any monopoly of knowledge with regard to this measure, or with regard to the appreciation of what the measure contains, on the government side of the house. That means that as this bill was introduced it contained no provision for control at all; it only provided that the governor should be appointed by the governor in council, or that his appointment should be subject to the approval of the governor in council. Once appointed the governor is a member of the board of directors and of the executive, and the executive submit their decisions—it does not say for approval—to the board of directors.

There was no provision that the consent or approval of the governor was needed with regard to any action of the board of directors or any action of the executive; that provision was inserted in committee, and not at the instance of the government. There was no provision that the deputy minister of finance should be a member of the board of directors; that also was inserted in committee, and not at the instance of the government. What does my right hon. friend say was the reason for this provision not being inserted as to the approval of the governor being necessary before any action of the executive or the board of directors might become effective? He says the reason is that they were sort of fearful and apprehensive that the committee would not accept a proposal of that kind. That is a strange doctrine to hear in this house from my right hon. friend, with a majority of forty behind him. He says the government were fearful that the provision would not be acceptable. So I think perhaps we are entitled to credit for this, that in the midst of my right hon. friend's timidity, fearfulness and apprehension at least we were able to take him by

the hand, pat him on the back and say, "Don't worry. Have courage. We will stand by you in enacting this particular legislation." I am sure my right hon. friend will give us credit for that.

I do not know what the right hon. gentleman meant when he gave that explanation. If when he introduced this bill be believed that the governor's control was necessary and that this was a proper provision to put in the bill, why was it not put in the bill? Why was it left to be introduced in committee by those sitting on this side of the house? If it was advisable to make the deputy minister of finance a member of the board, why was that not put in the bill by the government? Those are the two points on which my right hon. friend relies in alleging that there is a very large measure of government control in this bill.

My hon. friend from Vancouver Centre (Mr. Mackenzie) has given me the quotation of what the Prime Minister said regarding the extent of control which the bill as amended in committee provides. These are the words used by my right hon. friend last night:

> I would therefore submit that to the extent of my reading there is no other bank in which you find wider powers of public control conferred, absolute control by government in council, than there is in this particular case.

In support of that statement my right hon. friend relies on two provisions which were inserted in the bill from this side of the house. I wish I could be as sure about those two provisions as my right hon. friend is. I am pleased that they have been put in; I am glad they have been accepted, but in connection with those provisions my right hon. friend missed the point entirely. He knows perfectly well, if he will just think for a moment—and I have no doubt he has thought of it already—that those provisions only permit of a veto of the action of the board of directors or the executive. The provision with regard to the deputy minister gives no power at all; he simply holds a watching brief, and is simply permitted to sit in the board room. The provision with regard to the governor's consent being necessary means nothing more than this, that if the board of directors take positive action then the governor may say, "No, you cannot do that thing." But it gives the governor no power of initiative of any kind or description. If the board of directors decided to do nothing, nothing could be done by the governor or by the executive. In other words this provision simply means that the governor may put on a brake, but if positive action were needed; if action were needed to suspend the twenty-five per cent ratio, for example, and the board of directors simply did nothing at all, what would be the good of having a provision that the governor may veto any action taken, or that his approval is necessary before any action of the board of directors shall become effective? There would be no action of the board of directors to become effective and to be vetoed. My point, and I have made it repeatedly in this committee, is that the initiative in connection with every one of the matters I mentioned last night is with the board of directors, and if the board of directors does not see fit to take the initiative the governor and the governor in council are powerless.

My right hon. friend went on to say that the governor can work through the executive, which is formed of the governor, the deputy governor and another director. They act as an executive, but after all they are an executive and not the board of directors, and there are certain things expressly provided by this act to be done by the board. The acts of the executive must be submitted to the board of directors. I feel satisfied that this must be the legal construction of that provision, that the board of directors may take such action as they think proper with regard to the actions of the executive. So I say the control on which my right hon. friend insists and as to which he speaks so positively, so dogmatically and broadly, only means the power of veto, the power of putting on the brakes. It gives no power to the government or to the directors appointed by the government to take such positive action as they may think is necessary in connection with the economic activities of this country.

That is the point my right hon. friend has missed entirely, and by this amendment I am endeavouring to place power in the board of directors so that five of the nine directors shall be either appointed by the governor in council or their appointments shall be approved by the governor in council and so that positive action may be taken in a time of national crisis or whenever the national interest may make it advisable. I submit that this is a proper provision in an act which has to do with what I referred to last night as the greatest public utility in this country.

I want to point out further that if my hon. friend wants a brake, a safeguard, a balance wheel, a safety valve or something of the sort he has it in the fact that there are four directors representing private interest and five directors representing national interest. There

will not be very much danger of the political football being trotted out; it seems to me there will not be very much danger of the five government directors going wild in connection with these matters, with the safety valve, the balance wheel of the other four directors sitting beside them. I submit that this is the most modest provision it is possible to make if we are to preserve our national economic and financial autonomy. I submit that the Prime Minister, with all his power of special pleading and after taking up a considerable portion of the time of this committee, has not submitted any valid reason emerging from the clouds of all that he said last night as to why there should not be government control of this bank. He read Kisch and Elkin. He knows perfectly well that the work of Kisch and Elkin is only one of many authorities, and after all is but a recital of the provisions connected with the establishment of central banks in all parts of the world. But Kisch and Elkin state definitely that at times of national crisis, whether the bank is controlled privately or otherwise, the government are going to step in and make it serve a national purpose. I say that the bill should provide in the first instance that the bank shall do what it will have to do in the end, namely serve in a national emergency, and generally serve the interests of this country whenever financial conditions make it necessary.

I do not think the statement by the right hon. Prime Minister fairly met the resolution proposed to the committee. He traversed a great deal of ground. The one point is this: Shall this committee of the whole leave to the directors appointed by the people, who have invested the comparatively paltry sum of $5,000,000 in the shares of this enterprise, the control of the affairs of this great national institution? It would have a note issue of $400,000,000 or $500,000,000, all the advances to the banks, all the gold resources of the country, the whole credit and economic life of the country, including that to which I particularly referred last night, namely, the regulating—if regulating is possible—of the value of our currency externally. Those are matters of immense importance.

In connection with the last point let me read one reference contained in the report of the commission concerning the importance of the external situation. I believe we miss that entirely when we put the enterprise in the hands of private individuals. Section 230 of the report of the Macmillan commission states:

> Canada is a country with a relatively large volume of external trade and a heavy external indebtedness and is, therefore, especially interested in the international value of her currency. The holding of gold and foreign exchange by the central bank should and could become a factor of the first importance in carrying out the national policy in regard to the external value of the currency. It is no part of the functions of a central bank to monopolize the exchange markets. Here, as in the case of credit control, its function is to impart or counteract a trend as circumstances require, and this task, even from an early date, would be within the capacity of a Canadian central bank.

And when my right hon. friend suggests that it is sufficient that the control of this bank is placed in the hands of a governor, who has the right to veto the actions of the board of directors or the executive committee, I say to him that that provision was put in there in the hope and in the belief that he would accept what was suggested by the hon. member for Beauharnois (Mr. Raymond) last night, namely, a Canadian as first governor. It seems to me when he comes to think of it he will realize that no one outside Canada, no matter how high he might stand in the confidence of the Canadian people, would be able to discern the trend of events in this country, to understand our situation with regard to export markets, to understand the nature of our products and our channels of trade, to be able to understand the economic signs of the times, to be able to say when it is best to extend credit and when it is best to restrict credit under conditions which are peculiarly Canadian. It seems to me that decisions in those matters ought to be vested finally in the hands of a Canadian. After that my right hon. friend may have any advisers or technical assistants he desires. I do submit however, with all due deference to him and with all due deference to the judgment, if judgment it is, of the Canadian bankers, which may have been expressed in an offhand manner in the committee room, that he is wrong in this respect. I have serious doubts as to the opinion they may have expressed, because I believe that the bankers in Canada are as capable as any bankers in the world to deal with our Canadian difficulties, and to cope with the financial conditions in which we may find ourselves. They are equipped by experience and first hand knowledge to regulate, so far as it is possible, our economic and monetary situation for the good of Canadian trade. Notwithstanding the statement made by the Canadian bankers to which my right hon. friend has referred, I find in the Macmillan commission report a statement to which reference was made by the hon. member for Beauharnois and one which, in my view, cannot be over-emphasized. This is the statement made by the commission which

consisted of two Canadian bankers and three other gentlemen who had the opportunity of meeting and knowing Canadian bankers and Canadian financial men. They said:

Experience, skill and integrity are required in the highest degree, and that, not only to ensure that the operations of the bank shall be wisely conducted, but also that the institution should win and maintain the confidence alike of the government, the people and the commercial banks.

We have no reason to suppose from our discussions with leaders in Canadian finance and industry that these qualities are lacking in Canada. On the contrary, we are convinced that there are resources of intelligence combined with experience and public spirit fully adequate to ensure the successful management of a central bank.

I leave that last word with the Prime Minister, and I say that when I proposed that the approval of the governor of the bank should be necessary to the effectiveness of any act of the executive committee or board of directors, I believed and I still believe that there could be found within the confines of Canada a Canadian who could properly handle the management of the central bank. The governor at least to an extent would have the direction of the destiny and policies of the bank. I have said that he should be a Canadian, and I still think so.

Mr. Chairman, I have submitted this amendment with some confidence, because I believe it will meet with the approval generally of the Canadian people.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

ST. CLAIR TRANSIT COMPANY

The house in committee on Bill No. 100, respecting the St. Clair Transit Company—Mr. Gray—Mr. Smith (Cumberland) in the chair.

On section 1—Powers granted by act of incorporation (as amended) revived.

Mr. GUTHRIE: Is there any change beyond the extension of time?

Mr. GRAY: No, Mr. Chairman.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

[Mr. Ralston.]

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 85, for the relief of Mary Mabel Taylor Johnson.—Mr. Lawson.

Bill No. 86, for the relief of Blanche Marjorie Short Hanson.—Mr. Bell (St. Antoine).

Bill No. 87, for the relief of Fenwick William Smith.—Mr. Heaps.

Bill No. 102, for the relief of Edward Headley Acland.—Mr. Bell (St. Antoine).

Bill No. 103, for the relief of Ella Gertrude Bush Adamson.—Mr. Bell (St. Antoine).

Bill No. 104, for the relief of Helen Cohen Levine.—Mr. Vallance.

Bill No. 105, for the relief of Annie Rosner.—Mr. Luchkovich.

Bill No. 106, for the relief of Grayse Irene Westlake MacLaren.—Mr. Bell (St. Antoine).

Bill No. 107, for the relief of Naomi Willard Lyman Robertson.—Mr. Bothwell.

Motion for third readings agreed to on division.

DUPLATE SAFETY GLASS COMPANY

On the order:

House in committee on Bill No. 12, an act respecting patents on certain inventions of which Duplate Safety Glass Company of Canada Limited, is entitled to benefit.—Mr. Lawson.

Mr. LAWSON: Mr. Chairman, will you please allow this bill to stand? I have had members on both sides of the house request that the bill stand to-night as they desire to be heard on it.

Order stands.

PERSONAL FINANCE CORPORATION

On the order:

The house in committee on Bill No. 43, to incorporate Personal Finance Corporation—Mr. Hackett.

Mr. HANBURY: In connection with the Small Loan Company bill, the Prime Minister some time ago indicated that he would bring down a bill to regulate small loan companies. I notice a bill on the order paper but I do not know whether the Prime Minister can give any information in respect to what he proposes to do in that regard. If he could do so I would be very pleased to hear it.

Mr. BENNETT: There is nothing before the chair, Mr. Speaker. The bill stands.

BANK OF CANADA ACT

The house resumed consideration in committee of Bill No. 19, to incorporate the Bank of Canada—Mr. Rhodes—Mr. Smith (Cumberland) in the chair.

On section 9—Provisional directors.

Mr. BENNETT: I do not propose to traverse the arguments adduced by the hon. member for Shelburne-Yarmouth (Mr. Ralston) rather I intend to make a few observations with respect to the matter discussed by the leader of the opposition yesterday. I should like however to make this observation, with which I think every member of the committee will agree. There is about as much resemblance between the operations of the Finance Act and the central bank as between a lot of steel plates lying in a yard and a finished ship. There is no organization under the Finance Act. The committee that constitutes the treasury board is a variable committee of the cabinet. They have never had an opportunity to consider, and since the war never have considered, the question of rediscounting commercial paper. The only securities they ever dealt with were bonds and securities of that character, federal and provincial, upon which advances were made; and there was never any consideration, from the beginning of the year until the end,—sometimes there was in the middle of the year—of the amount that should be advanced. For instance, the City and District Savings bank had a line of credit, say, for $15,000,000 and all they did was to notify the receiver general at Montreal that they required one or two millions, having lodged their securities antecedently to requiring the money, and got it from day to day, and paid it off sometimes within two or three days so as to escape the payment of interest.

The central bank is of course an organization, a corporation, an entity which the treasury board is not in that sense. I do not intend to do more than mention one matter in connection with the final observations of the hon. member for Shelburne-Yarmouth. I think, when he was reading section 230 of the report of the royal commission, he must have realized the implication of these words:

> The holding of gold and foreign exchange by the central bank should and could become a factor of the first importance in carrying out the national policy in regard to the external value of the currency.

The national policy is the policy of the government of the day, and a central bank serves the government, that is, the policy which it enunciates. It is their duty to serve the community, that is, the country, the dominion; and the national purposes mentioned are national purposes as they may be from time to time indicated by the policies of the administration of the day.

I shall presently refer in detail to some of the observations made last evening by the leader of the opposition, but this I should like to say now in respect of the amendments proposed by the hon. member for Shelburne-Yarmouth. Surely it must be within the memory of every member of this committee that when the bill was introduced by the Minister of Finance he pointed out that it was the very earnest desire of the government that suggestions in the way of constructive amendments should be offered as the bill proceeded through committee. I may say to the hon. gentleman that the question of the control of the bank is the one that was given most consideration. His suggestion, in section 14, that the bank be controlled through the governor as representing the government was a suggestion that was accepted by the government in the committee. There was for instance a discussion as to whether or not the end might be better accomplished by asking the Minister of Finance to become, ex officio, a member of the board. We canvassed that idea at some length. We canvassed at some length the idea as to whether or not the government might be given more direct control over the operations, and when the hon. gentleman made the proposal that he did I thought it was a fair one; and as I said last night, I am glad he made it. But it seems to be difficult for the hon. gentleman to realize that we did not look upon this measure as one in which the government should lay down a fixed policy in detail antecedently to discussion, but rather that we should, indicating the general principles upon which we proposed to proceed, ask for constructive suggestions from every member of the committee. The reason for that was twofold: first, that it was a measure that was espoused by all parties in the house, by those who sit to the extreme right and opposite me and those who sit directly opposite, as well as the government of the day. So that all parties being agreed that a central bank was desirable, and that opinion having been expressed, it became of first importance that if possible we should secure the good will and commendation of all parties in the house.

When the minister asked, before the bill was submitted to the committee at all, that constructive suggestions should be offered from all quarters, I can only say that suggestions that were made that did not conflict with the principles which we believe are inherent in the legislation as we suggested it, and which were possible of acceptance, were accepted; and

although the hon. gentleman finds it difficult to believe that this party would accept suggestions from those not associated with it, in the very nature of things the purpose was to secure their suggestions. Finally, the suggestion embodied in section 14 and the suggestion that the deputy minister should be a member without a vote, were a modification of the extreme view I have expressed, on the one hand of the minister himself being a member, and the provision that the governor in council should have the final say with respect to matters that are now left absolutely in the hands of the government.

This brings up the last question in the observations of the hon. gentleman to which I wish to refer. He has kept on reiterating that I have said a Canadian would not be appointed to the position of governor. I said no such thing. I was very careful in what I said yesterday, to indicate that no Canadian, without acquiring certain experience, was available for the position.

Mr. RALSTON: I am sure my hon. friend will not find such a statement of mine in Hansard.

Mr. BENNETT: I am obliged to my hon. friend, but this afternoon I certainly listened with great care and my hearing was that the hon. gentleman thought I said that a Canadian would not be appointed.

Mr. RALSTON: No.

Mr. BENNETT: I am very glad of that, because I noticed yesterday the observation that I had made that statement. The purpose of the government was to appoint a Canadian to that position but not to do so unless we could appoint him several months before his duties would commence in order that he might go abroad into countries where central banks existed so that he might be able to obtain the requisite experience to enable him to discharge the duties and functions of his position. It is idle to say that he can secure the information on this side of the water, for the central bank system as practised in the United States would not be of assistance for one undertaking the duties of governor of a central bank as indicated in the measure.

I leave this thought in the minds of the committee. It has been pointed out on many occasions in the committee on banking and commerce and in this committee of the whole house that the bankers of this country have vigorously opposed this legislation. In fact, in their annual meetings you will find speeches directed against this central bank. I ask this committee whether they think any government would have a free hand if it had to appoint to such positions those whose object would be unfavourable to and who in fact tried to destroy the central bank. That is the question, and that phase of the matter must be considered. The government therefore have sought a free hand in dealing with that question. If we can obtain in Canada any person qualified by experience in commercial banking and able to leave this country for the purpose of obtaining at least a few months' experience by observation in connection with matters concerned with a central bank, one who is not opposed to a central bank, then of course he will be appointed. But the important thing is that we must not appoint to that position anyone who is unsympathetic and who desires to destroy the venture and to make it a failure, and we do not propose to do so. Therefore we must have a free hand in dealing with the matter. It is equally probable that if we can secure a suitable person as assistant who has had a lifelong experience as a central bank authority to assist a general manager or governor experienced as I have indicated, we would desire and I believe any government would desire to do so.

In view of the observations made this afternoon I want to repeat what I said yesterday. You will not find in any records of central banks, that is banks similar to this—I am not talking about publicly owned banks; I am talking about banks whose shares are held by private individuals and the control of which is vested in the government as I indicated last night—any case in which the control is more certain and in which the inducement to those who are directors as representing shareholders will be greater to discharge an important public trust in a manner befitting the obligation that is imposed upon them. Why? Because they know they will receive nothing more than four and a half per cent upon their money; that no effort upon their part can increase this; that it merely adds to the sum total of the profits that go to the Dominion of Canada and in their patriotic zeal to serve a great public trust with fidelity I am quite certain there will be found in this country those who will be not only willing but anxious to discharge so great an obligation in a manner befitting the magnitude of the work they will have to undertake. This is not a case in which they are seeking profit as it is in that of some of the central banks that are privately owned in the older countries. There their dividends may vary from six to eight, ten and twelve per cent and,

as is known, in older countries the dividends of the bank run eighteen, twenty, twenty-three per cent. Here there is merely a modest return of four and a half per cent fixed upon the capital invested, and as I have pointed out I may misjudge, but I think I do not and I believe the zeal of those who are charged with this responsibility to do something to discharge a great public trust in a fitting manner will be manifested by the success which will attend their efforts. In the selection of officials, in the selection of governor, deputy governor and assistant, that object will be constantly in mind whether it be on the part of the governor in council or of the shareholders.

Last evening the leader of the opposition made an observation which I thought I heard correctly but which I verified in Hansard at page 4196 where he is reported as saying:

> If you alter the situation by taking away from the government the power that it has to-day; and the banks are to be allowed to control the central bank—for that is what it really amounts to, the banking interest are all to be one, the central bank being in private hands; let us put it that way—there is, it seems to me, a real danger of the financial control which may thus be exercised by the bank being exercised against what may be the fiscal policy of the government of the day.

It is difficult for me to find in the same number of words a more inept conception of the real policy of the statute itself. Not only do the banks not own or control the central bank, but the statute in terms prohibits banks or bankers from owning shares in the central bank. It was that fear that the right hon. gentleman has expressed that is at the bottom of the provisions in the statute to prevent the bankers from exercising control over the central bank. I cannot conceive of any clearer statement being made than that contained in the bill in the clauses that will be dealt with this evening where there is a prohibition against any directing officer, clerk or employee of any bank being interested directly or indirectly or through the medium of anyone else, in this central bank. The restricted control by any individual or group of individuals is further indicated by the limitation imposed upon the shareholders: no one can hold in the institution more than fifty shares. I mention that because possibly the right hon. gentleman overlooked the provisions of the statute in that regard.

When it is indicated that the government is parting to a certain extent with the control it has over the regulation of credit I only desire to point out that for the first time in the history of Canada we are setting up an organization in which the control of the government over credit is real. I know the hon. member for Shelburne-Yarmouth did not overlook the fact that in all the advances made to the banks under the Finance Act, there is no coverage of the money advanced; under the Finance Act all the money advanced was without coverage.

Mr. RALSTON: Without gold backing.

Mr. BENNETT: Without gold backing or metal coverage. The only support it had was the security of bonds or other securities mentioned in the Finance Act itself.

Mr. RALSTON: Without the requirement for gold coverage because as a matter of fact it did have gold coverage; for, as I understand it, there is about forty per cent gold backing for all the notes issued.

Mr. BENNETT: There was not until the borrowings under the Finance Act became very much restricted. When the borrowings under that act went to $66,000,000 in 1931, there was no metal or gold coverage that would approximate forty per cent. But the point is this—and I think it has been overlooked—this bank when it begins to function must maintain twenty-five per cent gold coverage for all of its note issue. Whether it be by way of loans or advances to those who come into the bank seeking them, or whether it be for the deposits or other business of the bank, it is compelled under the statute to hold twenty-five per cent gold coverage. That differentiates it from the conditions that exist under the Finance Act. I am not going to do more than say that heretofore in this country the members of this house, both those opposite and those to my extreme right, were always insistent, and I have never controverted the soundness of their statement, that the chartered banks really exercise control over credit, and under the Finance Act as it now stands their control over credit became more and more apparent as they relied more and more upon the provisions of the Finance Act. Under this bill the control of credit in truth and fact rests with the central bank, as it could not under the Finance Act.

I have looked through the provisions of the bill to determine whether or not there is any that I could see under which the bank could operate to the detriment of any policy, fiscal or otherwise, which the government of the day might have. My judgment, for what it may be worth, and I offer it after having looked over the bill again, is that the Bank of Canada cannot control the mechanism used by the government for the purposes of its policy under any circumstances whatever.

The government promulgates its policies, whatever they may be; the central bank, an instrumentality of the government, assists in giving effect to those policies, carries them out in every way in its power; but surely it could have no jurisdiction under this or any other statute that I can conceive of with respect to a central bank that would enable it to interfere with or work at cross purposes with the government of the day in effecting its policies, whatever they may be. The ideas of the bank in regard to carrying on open market operations might conceivably be different from what an individual in the government might at the moment think, but I do not see how it could be said for a moment that they would in any way interfere with the general policies of administration. I have not been able by any process that I can rely upon to arrive at any such conclusion.

Mr. RALSTON: Would the Prime Minister permit me to interrupt here?

Mr. BENNETT: Certainly.

Mr. RALSTON: This is one point I have in mind: suppose the government of the day considered it advisable that the requirement of twenty-five per cent gold backing should be suspended, let us say for six months, in order that the issue of currency might increase, would it not be necessary for the privately appointed board first to pass a resolution providing for the suspension before the government could secure it?

Mr. BENNETT: I have no doubt that as the law stands the directors would take the initiative. But if it were a publicly owned bank with a board of directors the same course would have to be pursued.

Mr. RALSTON: Yes, but there would be government directors on the board.

Mr. BENNETT: But what assurance have you that the directors would discharge a public trust any more carefully because they are appointed by the government than if they are elected in the manner I have indicated?

Mr. RALSTON: Oh, if you take that position there is no use in arguing.

Mr. BENNETT: And with the four and a half per cent limitation.

Mr. RALSTON: One has a good deal more assurance than if they are appointed by private shareholders.

Mr. BENNETT: Have we? One has only to look at the history of one great publicly owned enterprise that we have had in this country to see. Certainly the evidence is against that view. All you have to do is go down to the West Indies, and follow up from there to this country.

Mr. RALSTON: That has nothing to do with the point.

Mr. BENNETT: The point is that the directors would have to take the action in any event. Suspending the twenty-five per cent provision would be an act of the directors in the first instance. Under our provisions it would have to be approved by the government. If it were publicly owned the same procedure would follow, presumably, from what the hon. gentleman has said. He has not suggested that if it were a publicly owned bank and the directors were appointed by the government there would be any change in that part as far as the governor is concerned. Assuming that is as it is now, where would be the difference?

Mr. RALSTON: I think it is obvious, even if my right hon. friend cannot see it. If the directors were appointed by the government it would seem that they would be more likely to carry out the wishes of the government by whom they were appointed than would directors appointed by private shareholders.

Mr. BENNETT: What the hon. gentleman suggests proves what I have contended from the start. This view is that the directors are not to think for themselves, that they are to be thought for and to be told what they are to do, without regard to their own views; whereas in the other instance we imply some intelligent consideration of the questions at issue. There is no doubt that in both cases the initiative must come from the directors, acting in both instances on the request of the government of the day, and if they suggest the suspension of the twenty-five per cent gold coverage merely because a political group said it should be done, as against what their reason told them should be done in the interests of the nation as a whole, they would be reflecting a political judgment on the one hand as against a business judgment on the other. That is the whole story. That is what we have endeavoured to set our face against. The discussions that have taken place here indicate how readily the situation would become charged with danger for the bank itself, even as the situation would become charged with danger with directors who merely carried out the will of either one man or a group of men. That is the position. I am not going to traverse it further except to say that by no process of reasoning which I can apply to the facts and in no case of which I can conceive

would it be possible for this bank in any sense to balk or stand in the way of policies of a government being made effective in any manner that the government of the day thought in the public interest, whether fiscal or otherwise.

Mr. MACKENZIE KING: Mr. Chairman, the Prime Minister (Mr. Bennett) has not really answered my point beyond giving it as his individual opinion that there would be no possibility of conflict between this bank and the government. He has not given us reasons why such conflict of opinion might not arise. As members of the committee will recall, my point was that, in the absence of any directors appointed by the government, and with all directors being appointed by the shareholders, there might on occasions be no means of bringing about the necessary harmony between the government and the bank with respect to a course of procedure that might vitally affect some great national policy. I pointed out that I thought a case might arise where the bank, being a privately owned institution and privately controlled, and being associated with private banks in other parts of the empire, might come to have one financial policy to which it would adhere very strongly, but that the government of the day, for very obvious national reasons, might desire to follow another policy, or to alter in some particular, essential to the national interest, the policy of the bank. The government might have a policy with respect to trade or shipping or some other great national service which would require the co-operation in a friendly way of the bank, and that would not be possible unless the government as well as the shareholders, was represented on the board of directors of the bank. The Prime Minister did say last night that there was the possibility that in time of crisis there might be a moment when there would appear to be conflict, but he thought it would work out all right. I wish I could be as sanguine as he is about everything working out all right. I can understand my right hon. friend having the feelings he has at this time about this phase of the situation; he is going to appoint the governor, he is going to appoint the deputy governor. The shareholders of this bank will appoint the directors, but the real control of the bank's affairs will be in the hands of his own appointee. The governor will be a gentleman, unquestionably, of the same point of view on financial and economic affairs as the right hon. Prime Minister himself. I know the Prime Minister is sincere in the views that he holds as regards both trade and finance, but, with all respect and deference, I say to him that there are those who believe that his policies are wrong, and that the best interests of this country and of the empire would be furthered by policies wholly different from those which he cherishes at the moment. That is where I see the possibility some day of conflict between what may be the policies of this bank and the policies of the administration that may be in office.

I want to make this fact clear: no one could have had the responsibility of being the head of an administration for any time without realizing all that is meant when one speaks of political pressure. I think I would be the first to sympathize with the Prime Minister in his desire so to frame an act that what is termed political pressure would not be permitted to interfere with the successful and independent working of a great financial institution. May I say we may give a wholly wrong meaning to the word "political" in speaking of political pressure. A political influence or point of view is not necessarily something that is contrary to the national interest; a political point of view is one which arises from an endeavour to give expression to public feeling and public opinion, and I submit that in all democratic countries public opinion is the one great factor for which all governments must have consideration. There are times when it is necessary and vital that every institution in the land should be subject to the public opinion of the nation, and this is always the case when it is expressed in a constitutional way in parliament. I do not believe powers should be given any institution that would enable it to put itself in a position of opposition to a government that has been entrusted with great responsibilities of enforcing particular policies.

In order to be perfectly clear, I should like to assert the two definite sets of circumstances I have in mind. The first relates to a conflict which might arise between the government and the bank at any time of crisis regardless of what administration may be in office, a crisis which might arise from unforeseen economic conditions in the country itself. You would then have two powers that would come into conflict with each other; and unless there is some way of harmonizing them great mischief may be done. You have the money power represented by the central bank and you have the political power represented by the government. I am not one of those who is given to indulging in the extravagant language which is used in these times about money power and the terrors of international

banking and finance, but no one can live in this day and age without realizing that we have in the money power of the world an invisible force which is all-powerful in different countries at the present time. What is being proposed under this legislation is that the government shall part with its control over the issue of currency and over national credit to a private corporation which is a great banking institution and which to a certain extent is to regulate the affairs of all other banks. When I say that the banking institutions are to be all one, I do not mean that the central bank will be controlled by the chartered banks of the country. What I do mean to say is that all questions relating to currency and national credit will hereafter be in the hands of the central bank and other banks throughout the country and no longer in the hands of the government. They will be in the hands of the banking interests, which means in the hands of the financial interests, and parliament will have parted altogether with any control it has over the issue of currency or over credit. There are those who hold that when a nation parts with its control over currency and national credit, it does not matter very much who makes the laws of that nation. The power that controls the currency and the credit of the country is a power that, if there is such a thing at all as political influence of the kind referred to by the Prime Minister, can make itself felt upon governments.

I say that power of influence of governments and defiance of governments by the money power is being created by this act in the form in which it is at present, and the only way in which that possibility can be avoided is for the government to see to it that, on the board of directors who are to direct this institution, there are representatives of the government, who will not own any of the shares, but who will be the appointees of the government placed there solely to watch and safe guard the public interest. I think my right hon. friend must agree that in these matters of large finance, check and counter check is wholly advisable. It is advisable in financial transactions of a limited size, and it is more necessary as well as advisable in those of considerable size. But here are financial transactions of the greatest magnitude conceivable, and check and counter check are imperative. I do think the directorate of the bank ought to be so formed that, whether the pressure is upon the bank from the government on the one side, or upon the government from the financial interests and through the bank on the other, there should be on the board of directors some one or more persons who will be quick to sense the situation, give the danger signal, and arouse the country to the pressure which is being brought to bear. There is the danger of a government bringing too much in the way of pressure to bear on a central bank. On the other hand, there is equal danger of the financial interests that are allied with the banks bringing influence to bear upon a government. There will be both these dangers always, and the only way in which that possibility can be lessened is by making sure that both powers, the money power and the power of government, are represented on a common board so that one or the other will be in a position to direct the attention of the people at large to the dangers which they may see developing in the affairs of an institution which is or ought to be a great national trust.

May I now direct attention to the other set of circumstances I have in mind, namely, the difficulties that I see which may arise in carrying out national policies when there is a change of administration. Here I want to differ absolutely from and to take issue with the Prime Minister in what he said last night. In order that I may not misinterpret what he said after I had asked for an explanation as to a certain point, I shall quote the words of my right hon. friend as they appear at page 4195 of Hansard:

> If the government were in complete control of the bank it would mean that if you had one government succeeded by another the bank would naturally change its policy, assuming that the policy was as the right hon. gentleman suggested. Then you would have governments controlling policies without continuity. What we wish to secure is a policy based upon the economic conditions of the country, not a policy of the bank based upon policies of a government. That is what the right hon. gentleman desires.

What I should like to ask is: Are the institutions created by governments themselves to be made by their very constitutions so powerful that in the matter of national policies they can regard themselves as wholly beyond the direction of a government, where those policies are the result of the will of the people as expressed by their representatives in parliament? In no way could it be possible to have more clearly defined the difference between the right hon. gentleman opposite and myself. The Prime Minister will notice that at the moment, I am not suggesting the government should own the bank. I am not at the moment discussing the question of ownership, at all. As I said last night, I think

the question of ownership is debatable. I am however discussing the question of control of policy, and I do say that with respect to policies, whether they relate to trade, to shipping, to marketing, to finance, to defence, or to any other phase of a country's economy, those policies, if they are the expression of view of a government representative of the people, should be capable of being carried out without interference from any institution whatever, but rather with the sympathetic cooperation of all institutions. That is the only way in which in a country we can have either democratic or responsible government.

I should like to be very frank and concrete in what I am saying, and in order that the Prime Minister will not think I am in any way seeking to misinterpret his point of view or the point of view of any hon. gentleman opposite, I should like first of all to present the matter as I think he sees it. He knows that he will have the appointment of the governor and of the deputy governor of the bank, and he knows also that those who are likely to be appointed as directors will be governed very largely by the point of view of the governor of the bank. He has asserted —although I believe this evening there has been some modification—that the governor would in all probability be some one who would come from the old country.

Mr. BENNETT: No, I have not modified any statement with respect to the governor.

Mr. MACKENZIE KING: What I have said I believe still stands. I think to-night my right hon. friend did go as far as to say that possibly a Canadian could be found for the position.

Mr. BENNETT: I said that yesterday, too.

Mr. MACKENZIE KING: I beg your pardon?

Mr. BENNETT: The right hon. gentleman did not follow me. My statement is in Hansard. What I said was that without experience which could be gained by giving him an opportunity, there was no one in Canada who I thought at the moment could be appointed. I said if there were an appointment made tomorrow it would have to be made under circumstances which would enable the appointee to have five or six months' experience in England, or elsewhere.

Mr. MACKENZIE KING: I shall not discuss the question whether or not the one to be appointed governor is to be one whose residence has been in England or in Canada. For the purposes of my argument it is sufficient to say that the Prime Minister will appoint the governor, and that he will appoint someone who, he believes, holds sound views on economic and financial questions, and views which are sound because in accordance with his own. I believe that is a reasonable assumption.

A few evenings ago, I spoke about an imperial trade policy, and the Prime Minister took strong exception to the use of the word "imperial." He said that I was seeking through the use of that word to create some prejudice. I used it because it is the word in common use to signify what is meant. I notice the right hon. gentleman said he had not used it, but I looked up his language in the particular address he delivered, and—

Mr. BENNETT: I did not use it that night.

Mr. MACKENZIE KING: Not that night. I find what he did use in the address I refer to was the expression "common policy," and by a common policy he meant a policy for all parts of the empire. To my way of thinking a common policy for all parts of the empire is what is meant when we speak of an imperial policy. The word "imperial" expresses in a very short, concise and complete manner what is meant by the expression "a common policy for all parts of the British Empire." I believe the Prime Minister—and he has never denied it—believes in his heart of hearts that in the matter of trade a common policy for all parts of the British Empire would be in the best interests of the peoples of the British Empire, and I believe further that his tariff policies have been designed towards the end of bringing about a common trade policy throughout the different parts of the empire. That is his point of view, and he is entitled to it. I wish he would debate the matter openly, and let us argue the question as to whether or not that policy would be as good for Canada as what we describe as a world trade policy. A world trade policy, not an empire trade policy, represents the point of view held by hon. gentlemen on this side of the house. We do not believe that the interests of the British Empire, and those of Canada in particular, are going to be furthered by any common trade policies for all parts of the empire, whether they be called imperial or common policies, or by any other name. We believe in a policy of trading with any and every nation that will trade with us, as best for the empire and best for Canada as a part of the empire. Let us assume that the appointee to the position of governor of the bank would be a gentleman holding the same point of view as is held by the Prime Minister,

honestly believing that the right thing to do is to encourage trade within the British Empire and to develop channels of trade throughout the different parts of the empire so that for the most part trade would necessarily flow in empire channels rather than between this country and countries, generally, throughout the world. Is it not altogether probable that the governor of the central bank would find it possible to further that common or imperial trade policy by the opportunities which would be afforded him and his institution, as for example, in dealing with matters of exchange? Would he not, by artificial means, through the manipulation of exchange, be in a position to further the policy which the government has in view, and which, in matters of trade, he and the Prime Minister would hold in common? I am perfectly sure that an institution of the character of a central bank which has to do with a nation's credit, which has to do with the issuing of the nation's currency, which has to do with the regulation of exchange and with great problems of international exchange, could, by artificial means, direct the trade of this country through particular channels and away from other channels.

Mr. BENNETT: May I say to the right hon. gentleman that that could be done only by parliament giving them the money with which to do it. The stabilization of exchange could not be done without the aid of parliament.

Mr. MACKENZIE KING: The Prime Minister may seek to answer in that way. I believe he is beginning to see the force of what I am saying. In connection with imperial policies of trade or finance may I observe that both are clearly and closely interlocked. No one knows better than the Prime Minister that the facilities which banks afford to importers and exporters determine very largely in what direction and from what sources trade is to flow. Look at the picture as it is beginning to disclose itself. We have, first of all the Bank of England, which stands at the centre. Then there are the central banking institutions already in existence in Australia, New Zealand and South Africa. I believe it is a fact that at the head of each one of these central banks is a gentleman associated with the Bank of England, or one who has had previous associations with the bank of England. If in Canada we have at the head of our central bank another gentleman who has been trained by the Bank of England, and whose associations are with that bank, what would be more natural than that these central banks within the British empire, all trained from the London point of view, and all embued with the idea that a great imperial or intraempire trade is the thing to be fostered, should do their utmost further to develop trade in that way to the exclusion of every other? As I say, so long as the Prime Minister, himself, is in office, I can see how he may well entertain the view that there is not likely to be any danger experienced of a character which would lead to any conflict between his government and this new banking institution. But let us assume for a moment that there is a change of administration, and let us assume that a government is in office in Canada which wishes to develop trade throughout the world, trade by Canada, with all the nations of the world, foreign as well as British nations, and does not believe it to be restricted by artificial means in the interests either of Canada or of the empire to have trade so as to confine it mostly to channels within the British Empire. Then according to the Prime Minister's reasoning, and the grounds he adduced for giving this bank the constitution he is giving to it, we are face to face with this following situation: The bank is to maintain continuity in its financial policy—an imperial financial policy to support an imperial trade policy—and is not on any account to change its policy because there has come into office a government with other policies which have been approved by the people. The words are as plain as the English language can make them. The Prime Minister said:

> What we wish to secure is a policy based on the economic conditions of the country, not a bank based on the policies of the government.

The policies that any government would have would be policies based on the economic conditions of the country, especially where they were policies that had been presented to the people, and which the people had approved, and which as a consequence the people would have a right to expect that every institution which exists in the land would harmoniously help to further to the largest possible extent. I see there a very great danger. Possibly the Prime Minister will come back with this reply, that parliament can always alter the statute which it has made. But, as he himself is so fond of saying, we are obliged to deal with conditions and not with theories, and we know that parliament consists of two houses and that the approval of both houses is necessary to the amendment of any statute. We know that at the present time the other house of parliament is one which represents very strongly the point of view of the Prime Minister of the day, and it will

probably be many years to come before the other house on some of these matters of trade and finance, is at all likely to be in sympathy with a House of Commons which might be differently constituted from the present one.

In such circumstances what will the position be? If there are no directors of the bank who are appointed by the government itself and whose duty it is to protect the national interest from the point of view of the government, an incoming administration which has trade policies different from those of the present administration, unless it were so fortunate as to find in the governor of the bank a gentleman who would be quite prepared to accept the policies of the government on important national matters and seek to further them, would find itself in a position where it might not be able to carry out the very policies which the country had sent it into office to further. This is the time to mention that possibility. It is the point I brought to the Prime Minister's attention last night. I do not think he has given a satisfactory reply to it.

The obvious thing to be done in these circumstances is to provide that at least a certain number of directors shall be appointed by the government of the day, and that these directors, who will not own shares, should sit on the board to cooperate in shaping the policies of the bank and to see that at all times, with respect to great national policies, those of the bank and those of the country are brought as much as possible into common accord.

Mr. NICHOLSON: Will the right hon. gentleman permit a question in order that laymen in the house may get a clear idea of what he has in his mind? Will he suggest that the governor and deputy governor and even the directors representing the public should be changed with a change of government in this country, in other words be made political appointments? His argument suggests to me as a layman that he feels that the governor, the deputy governor and a majority of the board of directors should be changed or dismissed with each change of government.

Mr. MACKENZIE KING: I have said nothing about the governor and nothing about the deputy governor, so my hon. friend may set his mind at rest in that regard. It is admitted that the present Prime Minister will appoint a governor and I assume he will be a person who is sympathetic with the prime minister's fiscal and other policies. I have said nothing about the governor or the deputy governor.

As to the directors, the present proposal is that they shall all be appointed by the shareholders. No one of the directors is to be an appointee of the government. My first point is that, regardless of which party may be in office, it is advisable that the government itself should appoint some of the directors, that some of the directors should feel that their appointment is made by the government, just as other directors will feel that their appointment is made by the shareholders. The persons appointed as directors by the shareholders will doubless feel that they have a special obligation to the shareholders. Surely it might be considered just as honourable that a number of directors to be named by the government should feel that they owed a special obligation to the government of the country which has appointed them. I am suggesting that the board of directors should be divided as between those nominated by the shareholders and those nominated by the government. I suggest that course as a means of avoiding a possible conflict between the bank and the government, or between what I may describe as the money power on the one hand and the political power on the other. I say that, if we ever come to one of those great issues into which the world is all too quickly heading, of a conflict between money power on the one hand and political power on the other, there can be but one answer to a conflict of that kind, and that is the ultimate control by the political power and not by the money power. By the provisions of this bill we are placing pretty much all control in the hands of the money power.

Mr. NICHOLSON: Does the right hon. gentleman suggest that the directors he refers to should be political directors in the sense that they should be appointed and dismissed politically

Mr. MACKENZIE KING: The answer is in the terms of the amendment.

Mr. IRVINE: I believe there are real grounds for the fears of financial domination which have just been expressed by the right hon. leader of the opposition (Mr. Mackenzie King) but I think that the fears he expressed in regard to financial imperialism might better be discussed when we are dealing with that clause of the bill which empowers the Bank of Canada to affiliate or have relationships with the Bank of International Settlements.

As to the possibility, or likelihood—I think that is a better way to put it—of the financial powers seeking control of the central bank, in my opinion there is every likelihood that

they will do so, and in trying to prevent that I have already joined with hon. gentlemen to my right in endeavouring to get this institution established on a publicly owned basis. But for reasons which the government have given in regard to a different viewpoint and a different policy they have refused to grant that, so I am not sure that the amendment now before the house would be of very much advantage. For instance, this is a private bank and there is no attempt to camouflage it as being anything else. As such the bill provides the means which are in keeping with private ownership as to how the directors and the officials shall be appointed. The amendment seeks to depart from the principle of private ownership, which is the basis of the legislation before us, and to make appointments on an entirely different basis so that if the amendment carried we would have a directors' board one-half viewing themselves from the point of view of the banking business and the other half perhaps from an entirely different viewpoint. It is just possible that in that way we would have more confusion than we would have by allowing the board of directors to be appointed as the bill assumes, on a proper private ownership basis. I can conceive that there would be times when if a clash did arise the members of the board would take advantage of that situation and blame each other instead of frankly accepting the responsibility which belonged to them as directors of the institution.

With regard to financial policy I would submit to the committee that this parliament has control of the financial policy and has stated that policy in section 25. I think that is the important feature controlling the policy of the central bank. And that is in the power of this parliament. We have not come to that section yet, however. It is not left to the governors or directors of the bank to say what principle shall direct the financial policy which the central bank is to follow. Section 25 of the act takes care of that.

I pointed out yesterday, and I think it is necessary to emphasize it again, that the central bank grants no new powers to the financiers but rather takes some of their powers away. There can be no doubt that up to this time the chartered banks and the chartered banks' bankers have had control of both credit and currency in Canada and have exercised any control that has been manifest over all these years. Now this bill before the committee takes a good deal of that control out of their hands and places it in the hands of the government, and to that extent the bill is so much better than anything we have had so far in the dominion.

Let me call the attention of the committee to the number of instances provided in this bill where powers have been taken which once were exercised by the chartered banks, powers which private institutions have been deprived of. First, the provisional board of directors must be appointed by the government. Now there was no such proviso in regard to the directors of the chartered banks when they controlled the credit of Canada. Then there are three of the permanent board of directors who are to be appointed by the government. I do not think anyone will argue that that is not an advance on what used to be the situation. Next, the first governor of the bank is to be appointed by the governor in council, and subsequent governors have to be approved by the governor in council.

I do not know whether it is proper to say what I am about to say, and if it is not I shall take it back; but the only way to find out whether it is proper or not is to say it. I think that if the government make as good appointments in connection with the governor and other officials of the bank whom they will have to appoint as they have made in the appointment of the deputy minister of finance, we shall have no cause to complain about the management of the bank.

The next provision is that the governor, the appointee of the government, has power to veto any by-laws. Next, all action of the board and the executive must be concurred in by the governor. Next, the deputy minister or a substitute for the deputy minister will be a member of the board without voting power. If it is merely desired that we should have someone there to give warning I am certain that warning will be forthcoming. The next provision is that complete regulations governing the bank have been laid down by parliament, as I have emphasized; and the most important principle in the direction of financial policy is section 25 to which I have referred. That is really the principle which will largely direct the policy the bank will follow. Then all profits except four and one-half per cent on capital invested go to the receiver general. There is another restriction which we did not find when the bankers were controlling the policy of the country; under the chartered banks they went off with all the profits they could make and therefore had only one incentive in every enterprise, namely, to make more profits. Moreover, the commercial banks are not allowed to have financial interest in the capital stock of the present bank, and that is also a restriction of their financial control

of the country. Again, parliament's consent must be obtained before there can be an increase in the capital of the central bank, and the Minister of Finance has full control of the share personnel. Finally, no person other than the minister shall vote for more than fifty shares. These are all restrictions and curtailments of financial power which heretofore had absolutely no existence in financial legislation in Canada.

While therefore, as I have said, I wanted to see this a publicly owned bank, nevertheless I must say that my right hon. friend (Mr. Mackenzie King) and his following to the right have not had anything to say hitherto in regard to the control of the financial interests of Canada, though up to this time financiers have exercised authority, without any restriction, over the whole financial structure of the country.

Amendment (Mr. Ralston) negatived: yeas, 35; nays, 60.

Section agreed to.

Sections 10 to 13 inclusive agreed to.

On section 14—All action must be concurred in by governor or deputy.

Mr. RALSTON: Before we proceed with section 14 I wish to propose an amendment, to insert a new section, 13 (a). This is an amendment which I proposed in the committee on banking and commerce. It was considered by that committee for some time and the Minister of Finance asked that it stand and that consideration be given to it after the bill had been reported from that committee to the house. Accordingly, I will now move the amendment:

13-A. The deputy minister of finance, or in case of his absence or incapacity at any time, such other representative of the Department of Finance as the minister may name for the time being, shall, by virtue of his office or of such nomination as the case may be, have the right to protest against any act or decision of the board or of the executive committee (except a decision nominating a commissioner as hereinafter provided for) which he may consider to be contrary to law or against the interests of the state, by filing such protest in writing with the board or the executive committee as the case may be, and with the minister, and any such protest, unless the same is not concurred in by the minister within two days shall have the force of a suspensive veto so that nothing shall be done under the authority of or pursuant to such act or decision until the merits of the protest shall have been decided upon by a commission of three persons constituted as follows: one person to be named by the board and one person to be named by the minister within seven days after such protest, and one person, to be the chairman to be chosen jointly by the minister and the bank, and in default of agreement on such last mentioned person within seven days after such protest, such chairman shall be the chief justice or acting chief justice of the Supreme Court of Canada; the decision of such commission to be made within seven days after the commission has been constituted or within such further time as the minister and the bank may agree upon and the decision of the commission shall have the full force and effect of a decision of the board of directors in respect of which no protest has been filed.

The effect of the new clause is to incorporate in this bill a provision which is found in a large number of charters constituting central banks. I shall read the list that I have before me. It includes Austria, Czechoslovakia, Denmark, Esthonia, Germany, Greece, Hungary, Italy, Japan, Poland, Portugal, South Africa, Jugoslavia. The provision is intended for the purpose primarily of preserving state interests. One could conceive of a situation in which even the governor might vote to take a certain action and the provision is that the deputy minister, who is by this bill made a non-voting member of the board, may if he considers such action to be against the interests of the state or contrary to law, that is contrary to the constitution of the bank, file a suspensive veto or protest with the board, and unless the suspensive veto is not concurred in by the minister within two days, that shall operate to suspend the action of the board until the difference is composed between the government and the directors of the bank.

If, of course, the provision had been carried with regard to public ownership or if the provision had been carried whereby a majority of the board were government appointed, this would not be necessary, but I am endeavouring in every way possible to have the national interests as opposed to what my right hon. leader speaks of as the money power, made dominant in connection with this organization. Therefore, if we cannot have provision whereby the national interests may take the initiative and positive action, I believe this provision helps at least to some extent to provide that the national interests may be asserted in order to prevent action which may be regarded as detrimental to the interests of the state.

As I said, this is not by any means a new provision. The Prime Minister and those who are familiar with central bank organizations will know it is contained already in a large number of acts. It seems to me that I cannot emphasize again too strongly what has already been emphasized from this side of the house, namely, that the control of the currency and credit of our dominion and the stabilization of the value of our currency

are matters which should after all be under the direct control of the state and of the government as representing the people of Canada. I therefore beg leave to move the amendment.

Mr. BENNETT: I do not intend to say anything because the matter has been fully discussed in the committee. The illustrations to which reference has been made are illustrations under conditions which are so different from ours I do not think the matter calls for any discussion, and the conclusion arrived at in the committee reflected the mind of the majority. If the deputy minister and the government in a country and democracy such as this do not take steps to protect the public interest I entirely lose my appreciation of the situation.

Mr. RALSTON: I do not think my right hon. friend ought to dismiss the matter as quickly as that. The point is that the deputy minister is the one who has power to assert and protest. I do not think he is going to need it, but this is giving him power which he does not have under the bank as constituted by the legislation. At the moment he has no power except to sit in the board of directors and hold a watching brief. This gives him power to assert the interests of the state by registering a protest which has the effect of a suspensive veto in any matter which is regarded as prejudicial to the national interests.

My right hon. friend says that if the deputy minister is not sufficiently seized of the importance of the state's interests he does not see any possibility of protecting the interests of the state. The purpose of this amendment is for that very reason, to give the deputy minister power to assert the state interests as predominant over the interests of a private bank.

Mr. SPENCER: I should like to ask the Prime Minister this question: When the bank is set up and the deputy minister is taking his seat on the executive of the bank—

Mr. RALSTON: He is not a member of the executive.

Mr. SPENCER: He takes his seat without a vote. If something comes up with which he disagrees and he advises the government through the Minister of Finance, in what way is the government in a position to exercise influence on the governor to get the board to change their mind?

Mr. BENNETT: In practice there has never been any difficulty so far as the Bank of England is concerned, for instance, nor so far as the Bank of France is concerned. I can only give those two illustrations. The financial policy in general of France the Bank of France has carried out from time to time except where there have been grave doubts as to government at all and matters of that sort, but the bank continued to carry out the general policy.

Mr. MACKENZIE (Vancouver): The Bank of England very often decided government policy.

Mr. BENNETT: The hon. member for Vancouver Centre suggests that the Bank of England frequently decides the policy of the government in Great Britain. I suppose by that he means to indicate that the experience of those who are the directors of that bank and of the governor is so great and ripe that the government are glad to avail themselves of it. I cannot think of anything other than that that he can have in mind.

Mr. MACKENZIE (Vancouver): Morley's Life of Gladstone has several references to that.

Mr. BENNETT: One can get something more recent than that if the hon. member so desires.

Mr. MACKENZIE KING: Ramsay MacDonald.

Mr. BENNETT: Yes; between 1914 and 1921 there were many cases in which it is recorded that the view at first of the officials and directors of the bank was not the same as that of the government, but in most cases the records indicate that the government after discussion accepted the view of the bank. As is pointed out in the book to which reference is made, there was no collision; there may have been differences and sometimes they were acute, but they were always adjusted.

Mr. MACKENZIE KING: Was there not a situation that arose when the right hon. Ramsay MacDonald was head of the government, which resulted in the resignation of his government?

Mr. BENNETT: No; his government resigned on account of the Campbell case in connection with the prosecution. His government, as the right hon. gentleman will remember, resigned in consequence of the Campbell matter. That is what brought about the difficulty.

Mr. MACKENZIE KING: No, I mean the resignation of the Labour government just before the formation of the present national government.

Mr. BENNETT: I thought the right hon. gentleman referred to the first resignation.

Mr. MACKENZIE KING: No.

Mr. BENNETT: As to the last resignation, this is my information: the balance of trade was running so strongly against that country it became necessary in the opinion of the then chancellor of the exchequer, now Lord Snowden, that immediate action should be taken. My information, for what it may be worth—and the reminiscences so indicate—is that the bank entirely agreed as to the necessity of immediate action being taken. It will be recalled that there was a discussion that went on well into the night between the chancellor, the governor and, shall I say the city men, because the heads of some of the great banks were also consulted. In the end immediate action was thought desirable, and as is well known, Mr. MacDonald formed the national government. I do not think there was any difference of opinion; it was because of entire agreement between the bank and the then chancellor of the exchequer as to the seriousness of the situation, if my information is correct. I think probably no factor was more potent in bringing about the result than the broadcast speech of the chancellor of the exchequer, Lord Snowden, with respect to the matter.

Mr. MACKENZIE KING: Was there not at the outset a question of the bank indicating pretty directly the terms upon which credit could be obtained, and of what was taken to mean the only terms, and so really forcing the hands of the government in the matter?

Mr. BENNETT: I dare say the sources of information of the right hon. gentleman are perhaps as full as mine, but my information is that when the situation became acute and the demand upon the bank's gold supply became very great the chancellor of the exchequer was of the opinion that something drastic should be done, and that an effort should be made to adjust balances and bring about, shall I say, a surplus in the budget. The bank pressed their position very strongly, but I think those of us who know Lord Snowden do not believe for a moment that he became acquiescent to anything other than conviction that he was doing what was right; and the speech that he made, which most people think was the determining factor in the election,—I think I can recall the matter now, although I must speak subject to correction, for I have not looked it up recently—the speech he then made over the wireless indicated that the savings of the people, the money derived from their savings certificates, was being utilized by the administration borrowing it for the purpose of supporting the so-called dole. He pointed out that it was absolutely essential that there should be a readjustment with respect to all the public services to bring about equilibrium between income and outgo. I have been told and read, but probably the right hon. gentleman has read and been told also, that that was a more decisive factor than any other in bringing about the result, in the sense that those who suffered voted for a national government, a most amazing spectacle. Perhaps the right hon. gentleman remembers the speech made about it by Mr. Churchill in which he referred to their having said, "We voted for England," and the speech made by the then Mr. Philip Snowden in which he quoted the famous lines from Swinburne.

Mr. MACKENZIE (Vancouver): That was his last budget speech?

Mr. BENNETT: His last budget speech, yes. I do know that there is no doubt that the bank, the bank officials, do exercise a very considerable influence on the financial policy of England. But it must also be remembered that the bank is utilized as the fiscal agent of the government, and the relations between them are the relations of a government and its fiscal agent, which of course must be very intimate. This bill contemplates that this bank will act without fee as the fiscal agent of the Dominion of Canada. Therefore the relations between the bank and the Minister of Finance will necessarily be very close. This bill is predicated upon the assumption that the bank is an instrumentality of government, and that it will use its best efforts to forward the interests of whatever government there is. I think if the right hon. gentleman would pause for a moment he would realize that the argument he made a few minutes ago is destructive of his own theory; for assuming, as he says, that I appoint the governor for a term of years and he is not of the same financial school as the right hon. gentleman, and that he succeeded to office, then he would find a governor who was not in accord with his general views. The right hon. gentleman therefore suggests that the government should appoint the directors. So I appoint the directors. Where is he then? They also reflect my mind. The result is that instead of having a board of directors that may be for all I know entirely friendly to the views of the right hon. gentleman, it is not improbable

that on a cross section of the shareholders throughout the country, with whom fifty shares is the maximum holding, there will be as many people of the viewpoint of the right hon. gentleman as there would be of mine, for instance. If you take it on the balance of probability there are perhaps those who would say there would be more. Therefore it seems to me that I have done a greater service to the right hon. gentleman by providing for this position than if I provided that the directors should be appointed by the government and be there for a term of years. The change of administration would then find not only the governor but the board of directors set in their ways, making it much more difficult for the right hon. gentleman to deal with the situation than otherwise.

Mr. MACKENZIE KING: Does not the act provide that the directors retire in rotation?

Mr. BENNETT: Yes, but the shortest term is two years, then three, four and five years. This one further point I think may be useful in that regard. It is true that the directors retire in rotation, and they are elected from the whole body of shareholders. I have no reason to believe that they will all be of one political viewpoint, any more than the right hon. gentleman has. I think that is one of his best assurances.

Just one word more. It is erroneous to say that we are taking control away from parliament. Any parliament can be called together and do anything it pleases to this bank. The contingency that the right hon. gentleman has suggested, that the Senate might interfere, will only leave wider scope and greater opportunity for the right hon. gentleman, if the time ever comes, to exercise those reforming qualities with respect to that body that were interfered with by providence on a previous occasion.

Amendment (Mr. Ralston) negatived on division.

Section agreed to.

Sections 15 and 16 agreed to.

On section 17—Capital and shares.

Mr. MACKENZIE (Vancouver): On division.

Section agreed to on division.

Sections 18 to 20 inclusive agreed to.

On section 21—Business and powers of the bank.

Mr. BENNETT: I desire to move an amendment to section 21 to make it accord with the provisions of the Bank Act, thereby enabling the Bank of Canada to deal with securities issued by a school corporation or parish trustees or securities issued pursuant to the statutes of a province. It is the same provision that we added to the Bank Act to meet the situation in the province of Quebec, having regard to the designation they give to their form of security. The effect of the amendment is to provide uniformity between the Bank of Canada Act and the Bank Act. I move:

That paragraph (i) of subsection 1 of section 21 of Bill No. 19 be struck out and the following substituted:—

"(i) make loans or advances for periods not exceeding six months to chartered banks on the pledge or hypothecation of the foregoing classes of securities, bills of exchange or promissory notes, or of Canadian municipal securities, or of securities issued by a school corporation or parish trustees, or of securities issued pursuant to the statutes of a province making provision for the payment thereof and the interest thereon by the province, or of gold or silver coin or bullion, or documents of title relating thereto;"

Amendment agreed to.

Mr. BENNETT: Then there is a word to be added in paragraph (m), after the word "bank" in the third line. I move:

That clause (m) of subsection one of section twenty of Bill 19 be amended by inserting after the word "bank" in the third line of the said clause the words "or from any bank incorporated under the Quebec Savings Banks Act."

It will be recalled that there are two banks in the country to which this applies, one the saving bank in Quebec and the other the savings bank in Montreal, and the amendment proposed brings these two banks within the provisions of that subsection as far as deposits are concerned.

Amendment agreed to.

Section as amended agreed to.

Sections 22 and 23 agreed to.

On section 24—Sole right of note issue.

Mr. LAPOINTE: I have an amendment to move to this section, Mr. Chairman. I desire to move that section 24 be amended by striking out subsection 4 thereof and substituting therefor the following:

(4) The form and material of the notes shall be subject to approval by the minister: Provided that said notes shall be printed in both the English and French languages.

Mr. BENNETT: That would not be an amendment; that is the present provision.

Mr. LAPOINTE: No, it is quite different.

Mr. BENNETT: I raise the point of order. The section reads:

Provided that notes in either the English or the French language shall be available as required.

The proposed amendment is that the notes shall be printed in both languages, but that is provided for here. There can be no question about it. An amendment cannot be in the terms of the section itself.

Mr. LAPOINTE: The amendment is that the English and French shall appear on the same note.

Mr. BENNETT: That is not what it says; that is the point exactly. It is clear that it does not say that.

Mr. LAPOINTE: Everyone in the committee understood what was meant.

Mr. BENNETT: I am only raising the point; that is not what it says.

Mr. LAPOINTE: I am quite willing to change it.

Mr. BENNETT: I wish the hon. gentleman would make that clear, because as the amendment stands it is what is here already.

Mr. LAPOINTE: To meet the wishes of the Prime Minister I will substitute the words, "provided that each said note shall be printed in both the English and the French language."

My remarks in support of this amendment will be very brief. It is needless to argue either the legal or the constitutional issue, since, after I moved a similar amendment in the banking committee, the Minister of Finance moved the proviso that now appears in subsection 4. I am quite willing to admit that this is a recognition of the principle, and my only reason for proposing the amendment has to do with the question of method, of better policy, perhaps even of better taste. It has been recognized by the provision inserted in the bill that since there are banks in this country issuing notes in both English and French, now that the Bank of Canada will have the exclusive privilege of issuing notes it is only fair that the notes should be issued in French as well as in English. I hardly need to refer to the fact that these notes are legal tender; they are so described in this very section. Under section 133 of the British North America Act both English and French are used in the courts, not only those of the province of Quebec but also in all the federal courts. There are federal courts in Canada; the exchequer court sits everywhere. So these documents, being legal tender, certainly should be issued in both languages.

As I said before, it is a question as to the best method to be followed. Everywhere in the world where a similar situation exists, in order to show the duality of language in such countries both languages, and in certain countries three languages, are used on the notes issued by the banks. For instance, in Belgium they have both French and Flemish on the notes. In Switzerland, where there are three official languages, French, German and Italian, the notes are issued with the three languages appearing thereon, and the same thing happens wherever a similar situation exists. It is so in South Africa, in the Irish Free State and in all the other countries of the world. Canada would be the only country whose national currency would be issued in two languages but not on the same note; there would be a portion of the notes printed in English and a portion of the notes printed in French. I do not think that is a good way to do it. What would be the result? There are many in Canada who did not speak the other language until after they had reached a certain age, when they took the trouble to learn it; these would like to have both languages. So far as I am concerned I would prefer to have both languages. The French notes will be circulated largely in the province of Quebec while the English notes will be circulated principally in the other provinces. Will it be a good thing to emphasize that situation, to make Quebec more French and the rest of Canada more English? I do not think it will. With regard to other countries, do you think it would be a good thing to have notes printed exclusively in French circulated in some European countries where the people do not know the conditions here, and where it might be thought that Canada is an entirely French country?

From whatever point of view you consider it I do not think the method adopted by the government is the best method. Let us admit that it may become a cause of friction in some places; if notes are offered to some people who do not like the language in which the notes are issued there may be disagreeable incidents. There may be something said or done which would not be conducive to peace and harmony in the country. Why should we take that risk? I must apologize for showing that I have a ten dollar bill in my pocket, but I have one which I am holding in my hand. Who will suffer if the notes of the Bank of Canada are issued in the same way as the notes of the Banque Canadienne Nationale or

the Banque Provinciale du Canada, whereon appear the words "ten" and "dix," and "will pay to bearer" and "paiera au porteur"?

Mr. VALLANCE: Give it to Hansard.

Mr. LAPOINTE: No thanks. Who would suffer if that suggestion were accepted? I cannot understand how anyone could object to the issue of notes being made with both languages on the same notes, instead of having a parcel of English notes in one place and a parcel of French notes in another. The other system is that provided through the amendment suggested by the banking and commerce committee. It is merely the matter of choice between two methods, and I plead with you, Mr. Chairman, and through you to the members of the committee, to adopt the only fair and reasonable choice, and the one which will not cause friction among Canadians.

Mr. BENNETT: It is perhaps unnecessary to say that I am not unmindful of the discussions which have taken place in the public press with respect to this matter. I am not unaware, and I fancy very few members in this chamber can be unaware, of the acute feeling which has developed through those discussions. Those in the province of Quebec who have not agreed with the views put forward by the hon. member for Quebec East (Mr. Lapointe) to the effect that the notes of the Bank of Canada should each be engraved in two languages, have been denounced publicly as traitors to their race, and have been subjected to attacks of a character which I very greatly deprecate. I therefore am not unaware of the seriousness of this situation, nor do I propose to hesitate for a single moment in directing the attention of this committee to every phase of the matter, and the reasons which now necessitate a review of the constitutional situation.

When the government was called upon to frame that section of the bill which deals with note issue it will be observed that subsection 4 of section 23 read as follows:

> The form and material of the notes shall be subject to approval by the minister.

It was hoped by the use of those words to avoid any discussions such as those which have been going on during the last few weeks in the newspapers published in this country. It was further proposed that when the section was reached the minister would indicate it was the intention of the government to follow the constitution and to provide that notes should be available engraved in both the English and French languages. Therefore it was with some degree of, shall I say regret, that one observed that on March 15 last the hon. member for Quebec East gave notice of his intention to move an amendment in terms similar to the amendment moved to-night.

That matter came up for consideration at the meeting of the select standing committee on banking and commerce held on June 5, 1934. And in No. 16 of the minutes of proceedings and evidence, at page xiv these words appear:

> Consideration of amendment proposed by Mr. Lapointe on March 15, last, viz:—
> That section twenty-three of Bill 19 be amended by striking out subsection (4) and substituting therefor the following:
> (4) The notes shall be printed in the English and French languages and their form and material shall be subject to approval by the minister.
> Motion to amend declared lost.
> The names being called for, they were recorded as follows: Yeas: Messieurs Casgrain, Howard, Lapointe, Mackenzie (Vancouver Centre), Ralston, Raymond.—6. Nays: Messieurs Baker, Chaplin, Coote, Ernst, Fraser (Cariboo), Hackett, Irvine, MacMillan (Saskatoon), Robinson, Smoke, Spencer, Stanley, White (London), White (Mount Royal).—14. Messrs. Dorion and Gagnon announced that had they not been paired they would have voted against the amendment.
> The motion to amend was again declared passed in the negative.
> Consideration of amendment proposed by Mr. Rhodes on May 31 last, viz:—
> That subsection (4) of section twenty-three of Bill 19 be amended by adding thereto the following: Provided that notes in either the English or the French language shall be available as required.
> Motion to amend declared carried.
> The names being called for they were taken down as follows: Yeas: Messieurs Baker, Casgrain, Chaplin, Coote, Ernst, Fraser (Cariboo), Hackett, Howard, Irvine, Lapointe, Mackenzie (Vancouver Centre), MacMillan (Saskatoon), Ralston, Raymond, Robinson, Smoke, Spencer, Stanley, White (London), White (Mount Royal).—20. Nays: 0. Messrs. Dorion, Gagnon and Jacobs announced that they were paired and that if they had voted they would have voted in favour of the amendment.

The amendment, therefore, as it now appears in the bill was unanimously adopted by the committee. That is the position. To-night a motion has been moved which, in its original terms was exactly similar to that provided by subsection 4 of section 23. The amendment as moved was:

> The notes shall be printed in the English and French languages, and their form and material shall be subject to approval by the minister.

The amendment has since been amended, and as it now appears for the consideration of this committee it states that each note shall be printed in both languages. The choice therefore is between notes printed in English and notes printed in French, or each note being

engraved in English and French. This raises a question of very serious moment, and is one which has engaged the attention of this house on previous occasions. As I said a moment ago it is a question which has involved many, many hard words being spoken and written. Section 133 of the British North America Act is as follows:

Either the English or the French language may be used by any person in the debates of the houses of the parliament of Canada and of the houses of the legislature of Quebec; and both those languages shall be used in the respective records and journals of those houses; and either of those languages may be used by any person or in any pleading or process in or issuing from any court of Canada established under this act, and in or from all or any of the courts of Quebec.

The acts of the parliament of Canada and of the legislature of Quebec shall be printed and published in both those languages.

The interpretation of that section, so far as I know, has not been a matter for judicial consideration, but by common consent those who are members of this parliament have always been enabled on request to secure the proceedings of this parliament, whether in the form of debates, bluebooks or otherwise, in the French language, and equally in the English language. There was therefore an equality so far as these things were concerned. I shall refer to one debate in particular that engaged the attention of the house, that of the twenty-fifth of February, 1907, when a motion was moved by the gentleman who is now the Deputy Speaker, and there participated in that debate the hon. member for Labelle. It is a matter of satisfaction to know that twenty-seven years after that resolution was moved in this house on another matter the question now raised is being considered and the gentlemen to whom I refer, who were present twenty-seven years ago, are present this evening. The motion read as follows:

That it is in the interest and for the well-being of the dominion, and in accord with the spirit of the confederation agreement of 1867, that the French language, which in virtue of the constitution is official, be placed on a footing of equality with the English language in all public matters—for instance, in the coinage of moneys and in the administration of postal affairs.

The words, it will be observed, are, "be placed on a footing of equality with the English language." To that on the twenty-fifth of February Sir Wilfrid Laurier moved in amendment:

That all the words after "that" be struck out and the following be substituted in place thereof:

"The French language is, in fact, as well as by the constitution, on a footing of equality with the English language.

In the course of the debate Sir Wilfrid Laurier used these words:

Of course, there are some great occasions in which it—

The French language.

—must be spoken, there are occasions of a public character when it ought to be spoken. But to affirm, as he does, that the French language should be used upon every occasion, and that every public document should be printed on one side in French and the other side in English is, I think, going a little too far. For instance, I understand that my hon. friend wants bank notes to be printed either in French or in English.

Note the words, "either in French or in English":

For my part I never yet saw an occasion where a bank note printed in English was not properly understood by the French people; and I am quite sure that a bank note printed in French would be understood by the English people to be exactly what it means. But I see no reason why a bank note should not be printed in French. Since we have been in office we have not had occasion to issue a new form of bank notes, we have taken the old form as we found it, we have continued the form of the old bank notes. I do not see any reason why, if we were to issue a new form, we should issue it in one language rather than another. But I would say to my hon. friend that it is far better that we should be conservative in these matters and not to change our forms every now and then.

For nine years the hon. gentleman who has just spoken occupied high office, and in 1930 just before leaving office a contract was entered into between the government and the bank note company that engraves Canadian bank notes, and provision was made for the engraving of all the notes that this country requires for a period of five years, the notes of the Dominion of Canada, notes for $50, $100, $500, $1,000, for all the notes that were legal tender in Canada and are the notes of the Dominion of Canada, including also the one dollar bills, the banks not having any power to issue such; also the two dollar bills and the four dollar bills, and of course the five dollar bills as well, although the banks have power to issue bills from five dollars upwards. Was any such provision as is now mentioned in this amendment contained in that contract?

Mr. DUPUIS: There was no Bank of Canada then.

Mr. BENNETT: There was the Dominion of Canada whose notes were the same as the Bank of Canada's notes. Was any such effort made to do that then? No. Therefore, sir,

is it unfair to say that it is quite apparent that this has nothing to do with a question of business but it is a political issue pure and simple?

Mr. LAPOINTE: I deny that. I throw that back in your teeth.

Mr. BENNETT: I make it perfectly clear, Mr. Chairman, that if after nine years in office the hon. gentleman raised no such question in this house, did not assert for a single moment the desirability of following the course which is now being adopted by this government, did not even approach the matter, why is it other than a political question when now, after the government has indicated it proposes to follow the constitution and engrave the notes in English and in French, we should be met by a motion that each note must be engraved in both languages?

It is a very serious matter. It is one of the most serious that this country has had to consider for a long time in view of the discussions that have been taking place in the public press of Quebec. Shall those who sit on one side of the house and follow the constitution be branded as traitors in the Liberal press? That is what has been going on in this country, and confronted with that situation this government, desiring to follow the course which I mapped out for myself when I was elected leader of this party—when I went to the old province of Quebec in the first speech that I made there I said "I propose to follow the constitution. With respect to your rights and your privileges, everything that the constitution affords to you as a minority or as a majority I propose to observe."

Nothing is more fatal than a departure from a constitutional right. Nothing is more fatal than an effort to impose upon a majority the will of a minority if the rights are established by law. Since when has it become the law of Canada that the will of a minority shall prevail over that of the majority? Since when did it become conducive to the rights of minorities that they should insist that the constitution should be disregarded and the rights of majorities taken from them? That is the question. It was that that was in the mind of Sir Wilfrid Laurier when he said, "I see no reason why one language should be preferred over the other." It was that that was in the mind of that great French Canadian when he said that equality was guaranteed by the constitution. As I intimated in my first address in the province of Quebec, by that I stand; by that this government stands or falls. Equality under the law. Equal rights. The notes in French, the notes in English; engraved in French, engraved in English, even as Sir Wilfrid Laurier said.

On July 1 next this country will celebrate the sixty-seventh anniversary of our confederation. Successive governments have come and gone; successive prime ministers have come and gone; successive parliaments have been elected and have disappeared; but for the first time in a statute of this country dealing with the question of the issue of dominion notes this government has placed a minority on the basis of equality under the law. And what is more, the hon. gentleman who has just taken his seat intimated in the committee that in the amendment moved by the Minister of Finance there was a fulfilment of the constitution, and he nods his head now in acquiescence.

Mr. MACKENZIE (Vancouver): He said so to-night.

Mr. BENNETT: He not only asks this committee to afford equality under the law by concurring in the amendment proposed by the government, which was their original intention under the section as it reads, so that there would be no controversy or discussion, but having projected the question into the debate he has admitted that the proposals of the government met the constitutional obligation. Who says nay to that? No one. Then, sir, my statement to this house is that no man is doing justice to his own people and to the future who suggests that there should be inequality under the law. Equality is provided for by statute; equality is provided for by the government—equality under the law, the engraving of a French note, of an English note: equality. But the hon. member for Quebec East says: No, no; not that, not equality. I now demand that the constitution shall be amended, disregarded, flouted, and that this committee shall, instead of following it, maintaining the rights of minorities in all their strength and vigor under the law, substitute therefor disobedience to the constitution, disregard for it in any event, and that equality, as established by law, shall be departed from.

That is what we are asked to do; that is what my fellow Canadians from Quebec are asked to do. But the history of the world in dealing with the rights of minorities is clear—that when you invite any parliament to disregard the rights of majorities by pressing for rights which are not granted by the constitutions, you thereby invite a departure from the rights granted by the constitution. That is what you do. And to-night we are asked to vote for a resolution which is an

invitation to take action subversive of the rights of minorities as granted by the constitution. I will not do it. My promise was clear and it will be observed. This government stands or falls by the maintenance under the law of equality to those to whom the constitution has granted equality under the terms of section 133. By that we stand; by that we fall. And, as the years go by, when we think of the agitation now being carried on for amendments to the British North America Act, and the manner in which we have steadily stood by the rights of minorities as guaranteed by the constitution, when we recollect the statements made as to the contractual obligations of the constitution, how are the members of this committee to go out and say to the people of this country that we asked parliament to disregard these contractual rights, if they be such? That is the question; that is the question stripped of everything.

Our statutes for years have been published in separate volumes; our order paper every day appears in the English and French languages; our Hansard appears in the English and French languages; all documents which any member has a right to see, to read, to possess, he may receive in either language. And having regard to that provision, I suggest that hon. members should think carefully before they disregard the provision of the law, so clear, which for sixty-seven years has been observed—observed, mark you. In 1896 I supported the remedial measure and I have never offered apologies for having done so, because under the constitution it was provided that this parliament should take action in the event of certain contingencies. When the privy council said that those contingencies had arisen, when they so declared and this action was taken, I supported it. And in the old province of Quebec to-day the proceedings of the legislature are printed in separate volumes. I go into the library and receive statutes in English and in French. I receive reports from day to day of various departments, and some of them are so beautiful—illustrations and typography—that one values them apart altogether from the information they contain. Moreover, in that legislature bills are printed in English and in French.

I do not propose to labour the question. I have endeavoured to intimate to the committee the principles that have governed us in our approach to this matter. It has not been lightly done; it has not been done in caprice nor for political reward nor hope of reward. It has been done because we thought and still believe that under the section I have read, the minister approving of the form and material, these notes should be issued. When this amendment seeks to impose, as it does, not equality under the law but a certain form by which, however small the bill, there shall be engraved upon it two languages and not that the bill may be available in either, the committee, I do submit, has a very serious responsibility.

I am not going to dwell further upon the matter. My duty is to discharge my obligations to my fellow citizens under the constitution, and that I will do. And when I see my fellow citizens from Quebec, who have been subjected to these attacks in the daily press, so vicious in character, so uncalled for, denounced as traitors to their race because they dare to assert their constitutional rights as members, rather than endeavour to obtain for themselves other than the equality which the law provides, I ask—is it fair, is it right, is it just? When we have observed the constitution—observed it, mark you, for the hon. member for Quebec East admits that—then why project this question into the discussion if not for political reasons? Why do it? That having been done, I cannot but think that the responsibility for it is one which those who have created and must accept it will live long enough some day to regret.

Mr. MACKENZIE KING: After what we have listened to from the Prime Minister, I think it might be well to remind the committee of the section which is under consideration, and of the exact nature of the amendment which has been moved. The subsection under discussion reads:

> The form and material of the notes shall be subject to approval by the minister: Provided that notes in either the English or the French language shall be available as required.

The words, "that notes in either the English or the French language shall be available as required," are words which were put there by the government of the day. The Prime Minister himself has stated to us this evening that his government is responsible for that provision. The provision is that there shall be notes in English and in French. In so doing the Prime Minister says that he has followed the constitution.

Mr. BENNETT: That is admitted.

Mr. MACKENZIE KING: He has said repeatedly that the hon. member for Quebec East (Mr. Lapointe) in the amendment he has moved has admitted that the right hon. gentleman as Prime Minister has in what he is doing followed the constitution and observed

all constitutional obligations. My right hon. friend has, however, gone on to say that the hon. member for Quebec East now demands that the constitution should be amended. Can my right hon. friend substantiate that statement?

Mr. BENNETT: Certainly.

Mr. MACKENZIE KING: The hon. member for Quebec East makes and has made no demand for any amendment of the constitution.

Mr. BENNETT: Certainly.

Mr. MACKENZIE KING: Not at all. Nothing is further from the mind of the hon. member for Quebec East; he has made no request for any amendment of the constitution. The amendment that is before the committee at the present moment is one which relates to the method by which the requirements of the constitution may be carried out so as best to serve the convenience of the public and best to make for harmony and good-will between the different elements of the country. The Prime Minister's method of complying with the constitution is to issue two sets of notes, some in French and some in English; that is what the provision of this bill now under consideration requires. The method which the hon. member for Quebec East proposes is that the notes should bear on the face of them as to their denomination the French as well as the English language. The question is simply one of the method which will best serve the convenience of the people of the country and make for harmony; there is no question of the constitution in the matter. It must be a relief to the Prime Minister to find that I am not arguing for adherence to the constitution at present. He is the one who is asserting that particular aspect. But it is quite clear that what is involved here is simply a difference of method in issuing notes, having regard to what will best serve the public convenience and national unity.

May I ask hon. members: What, apart from all other considerations, would, as a matter of fact to most of us who are English speaking, be the most convenient method to have followed as respects moneys that are to issue from this central bank assuming, as is to be the case, that it is going to issue all the currency? Will it be more convenient for us to receive our payments in bills, some wholly in French and others wholly in English, or will it be more convenient, whenever a bill is received, to find that its denomination is in both languages? That is the whole question. These bills will circulate from one end of Canada to the other; when payments are made in different localities, bills in French must be accepted equally with bills in English, because each are legal tender. Is it not going to make for greater convenience all round that, when moneys are sent from one part of Canada to another, there should be no possibility of any question arising when a bill is received, because of its being in one language rather than in another, because having the two languages on its face it will be readily understood by all, than rather, as will otherwise frequently happen, sometimes understood by some and often not understood by large numbers of persons. Think too of the inconvenience to local banks all over Canada which will have two sets of notes, one set in French and one in English. That is the whole question.

The Prime Minister said—and I resent very strongly the statement he made—that the hon. member for Quebec East was trying to raise a political issue.

Mr. LAPOINTE: That is an infamous lie.

Mr. BENNETT: The hon. gentleman's language will have to be altered. He is not holding a meeting somewhere. He said that something is an infamous lie. He must withdraw that language.

Mr. MACKENZIE KING: Mr. Chairman—

Mr. BENNETT: I am raising a point of order and I must press it.

Mr. MACKENZIE KING: There has been a great deal of talk—

Mr. BENNETT: He is trying to get away from it but this is something he cannot get away from. He must withdraw those words.

Mr. LAPOINTE: I said that anyone who said I am doing this from a political point of view utters an infamous lie. I said that. I did not mention anybody in particular, but I will withdraw the statement if it is against the rules of the house.

Mr. MACKENZIE KING: I was saying, when I was interrupted by the Prime Minister, that he stated that the hon. member for Quebec East was seeking to raise a political issue. May I say that the one who is seeking to raise a political issue is the Prime Minister himself and that his whole speech this evening was an effort to raise a political issue.

In order that the committee may get back again to the real point, which is the one involved in the amendment, the question of public convenience, of what is the best method and what is likely to serve the interests of

good will and harmony as between all parts and all races of this country, may I refer to what has taken place with respect to the postage of Canada. Unlike my hon. friend the member for Quebec East, I do not happen to have a ten dollar bill in my pocket; but I have a two cent stamp.

Mr. BENNETT: Is it not a five?

Some hon. MEMBERS: A five cent piece.

Mr. MACKENZIE KING: I am sorry I have not a five cent piece, but I have a two cent stamp and I notice that the wording upon it appears in both English and French. I happen to have a three cent stamp as well, so that we are getting to the five cents by degrees. This is not a postage, but a national revenue stamp a three cent excise stamp, and I find that it also is in both English and French. Both of these, the excise stamp and the postage stamp, are issued by the present administration. As I understand it, all the postage stamps and also all the excise stamps of Canada also the postal notes and money orders are at present being issued by the government in both languages. This is being done for what reason? Because of a belief in equality. I wish to ask hon. members, if they are interested in equality, and what is the most obvious manner of asserting equality, whether the evidence of equality is not greater in a document or token that on its face is printed in the two languages rather than in what is proposed by this measure, namely, two sets of documents or tokens, one in one language and the other in the other postage or revenue stamps or money orders or postal notes or bank notes issued as is proposed in the amendment rather than as is proposed in the provision of this bill as drafted by the government. I do not think it is necessary to say more than that. I have no desire to indulge in heroics. If one wished to follow the Prime Minister it would not be difficult in a discussion on this subject to rouse very quickly many racial passions. The hon. member for Quebec East in his remarks made it very clear that what he was seeking to do was not to raise a political issue but to avoid political issues being raised.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Hon. members should take the trouble to read in Hansard tomorrow what the hon. member for Quebec East said, as they could not possibly have heard him or they would not be jeering at the moment. He said that in the event, in some parts of Canada, of notes in French being handed to someone unable to speak the French language, difficulties and unpleasantnesses might arise between the party tendering the notes and the one asked to receive them. In directing attention to that, was my hon. colleague trying to create a political issue or was he trying to prevent political issues from arising? That was and is his sole purpose. These notes are going to be circulated in largest numbers, may I point out, in the largest financial and urban centre we have in this country, the city of Montreal. Out of that city to other parts of Canada will flow a larger number of the notes of the Bank of Canada than from any other centre in Canada. Is it not probable that a very large proportion of those notes from the city of Montreal will be notes printed in French? I should like to know whether good will and harmony between the two races and all parts of the country, and that good understanding which is at the basis of everything previous in our national life, will not be better preserved by having these notes go out bearing on their face the denomination in both languages, rather than large quantities going out in French and other large quantities in English. That sums up pretty much the whole question that is before us.

In conclusion I submit it is extraordinary that the Prime Minister of this country should seek to make a political issue out of a matter of this kind and that in so doing he should direct a personal attack upon the hon. member for Quebec East. I wish to say that there is no man in Canada, I do not care to which side of the house we look, who has done more in the course of his life to further good will as between all races and classes in this country than my hon. colleague the former Minister of Justice. And I say further that there is not an hon. member of the parliament of Canada, either of the present or any previous parliament, who has done as much in his life to further international good will as has my hon. friend the former Minister of Justice. It ill becomes the Prime Minister to try to attribute to one so experienced and so honoured in our public life a motive as low and base as that which the Prime Minister has put forward, a motive which the member for Quebec East is incapable of thinking of, let alone acting upon, in any personal or public matter.

Mr. BOURASSA: It seems to me that in this heated debate we are losing sight of what I might call the broad, practical aspect of this question. As a political issue—well let us be

frank about it, all political leaders and all politicians are endeavouring to make the best they can out of every question. In my experience, it has always been done, and provided it is done honestly and honourably nobody can find fault with that, and no party should throw stones at the other. The hon. member for Quebec East (Mr. Lapointe), in all sincerity—in that regard I entirely endorse what the leader of the opposition (Mr. Mackenzie King) has said—in his sincere desire to present the question in the least passionate manner has somewhat minimized the issue. But I am afraid that on the other side the Prime Minister (Mr. Bennett) disquieted as he rightly is, from appearance at least, by the tone of some of the papers in the province of Quebec, has rather exaggerated what I would call the electoral or racial aspect of this question. I have known the province of Quebec for a long while. I do not believe that the exalted tone of some of the papers in the province of Quebec represents the feelings of the sensible mass of the people.

Mr. QUINN: Hear, hear.

Mr. BOURASSA: The average French Canadian farmer or artisan or business man is prepared to take all the dollars he can earn and make the best use of them, especially at the present time, whether they are printed in French or English or Chinese or any other language. I also believe that some of those staunch supporters of British rights—"this is an English country, nothing but English"—would not spit on a bill printed in French if it helped them in buying a bottle of Scotch whisky. So I do not take very seriously that aspect of the question.

But there are serious aspects. I shall not discuss the constitutional issue. If I ventured to express an opinion on what I might call the legal aspect, I am afraid the Prime Minister is absolutely right. I think the amendment as framed by the Minister of Finance (Mr. Rhodes) conforms strictly to the letter of article 133 of the British North America Act.

Mr. MACKENZIE KING: We all agree to that.

Mr. BOURASSA: Of course the ex-Minister of Justice, with his knowledge of law, admits it. That does away with three-quarters of those extravagant and heated expressions of opinion which appeared in the irresponsible papers of the province of Quebec; and in the province of Quebec, as elsewhere, most of the papers are irresponsible. It was stated that this amendment of the Minister of Finance is a step backward. Of course I have a very simple mind and a limited experience both in reading law and in parliamentary government, but I cannot get it into my head that this legislation, declaring for the first time that bills and money shall be printed in French, is a backward step in the acknowledgment of the French language. But I leave that aside also. I simply ask the members of this committee, on both sides of the house, to think of a broader aspect which relates to the principle of the issuing of currency. For centuries past as well as in present times, in every country, the issue of currency, the means of exchange between individuals, is an exercise of the right of sovereignty. Therefore the bills or coins which represent that means of exchange should first bear the stamp of the sovereign. In this respect it will be a great advantage to do away with those bills that are at present going right and left having on them pictures of many gentlemen, some of them good, honest people, some of them—

Mr. POWER: Less honest.

Mr. BOURASSA: —high-class crooks who should be in peniteniaries, but whose pictures occupy the place of that of the sovereign on these bills of exchange which we call money. Therefore I hope the next bills will bear the stamp of the king—not the king of England, not the emperor of the British Empire, but the king of Canada, as we acknowledge him.

Mr. QUINN: Who is that?

Mr. BOURASSA: It is King George for the time being. Where is the hon. member from? So long—I say it for my hon. friend's satisfaction—as we think proper to consider King George as our king. Now the other more modern significance of coins and money bills is to express nationality. In our day sovereignty and nationality are supposed to work together, and money bills, as postage stamps, which circulate the world over, which the nationals of any country carry with them when they travel abroad, are supposed to signify that the country from which those postage stamps or bills come is governed by this or that sovereign, or this or that institution, if it is a republic, and that it is peopled by individuals speaking a certain language. Now, whether we like it or not, this country was for a century and a half a French speaking country. After the conquest and cession it continued to be French speaking under a foreign government. The rulers of Great Britain, at a period when racial and religious prejudices were much

stronger than they are to-day, were nevertheless convinced that it was impossible for a conquering power to rule a foreign nation composed of civilized beings according to the tenets and with the use of the language of the conquering nation. So that even under that old, stubborn king, George III, they acknowledged the French language as the language of civil life and even of legal life in Canada. And, with a slight interruption in 1840, when the French language was suppressed by an act of the British parliament, the French language has remained one of the official languages of Canada.

In Belgium, as the hon. member for Quebec East pointed out, both the Flemish and the French languages are official. The language of the majority is Flemish, but the right of the Walloon minority to speak its language has been observed. There, curiously enough, it is the majority that has had to fight for the expression of its rights in various matters of administration which I need not relate to-night. In Switzerland there is a large majority of German speaking people; about one-third of the population is French speaking and there is an extremely small minority of Italian speaking people. Do not imagine that those people always agreed on language or racial matters. I happened to be in Switzerland just about a week before the war broke out. In French Switzerland the sympathy for France was just as strongly expressed as the sympathy for Germany was expressed in German Switzerland. There have been quarrels, quibblings and difficulties in the use of languages in Switzerland, as we have had them here. Nevertheless, belonging to an old civilization and having old traditions, they realized that it must not be a matter of oppression by one as against the other, and they have settled once for all that those documents expressing the broad nationality of the people should bear testimony to the understanding which has existed between them for centuries. Therefore their money bears all three languages. That is not the case with their postage stamps, because it would be too complicated to have three languages on postage stamps. So they agreed on one word, the Latin word Helvetia, which expresses the name of the country for the three nationalities. On all other documents the three languages are used.

Now let us come back to our present situation in Canada. When I have discussed this issue—and I have discussed it often in the last thirty years, not only in parliament but still more frequently before English speaking audiences in Ontario, Manitoba, Saskatchewan and even British Columbia—I have never presented the question as a constitutional matter or as a question of right on the part of French Canadians. That is where I think most of our fellow citizens in the province of Quebec, especially in those heated expressions of opinion appearing in the press or occurring during speeches, are wrong. Why put it on the basis of law? Why put it on the basis of a right exacted by the minority, if possible, from the majority, instead of basing it on common sense, in the general interests of Canada? In all those matters which express in material fashion the characteristics of the Canadian nation there has been the constant thought in my mind that if we want to preserve this confederation of ours for the generations to come, whether they speak French or English, German or Polish or any other language; or whether we consider it primarily from a British point of view as one of the essential elements of the British Empire, let us not forget that the everlasting obstacle to that preservation is the constant and tremendous penetration of American thought, American civilization, American language and American influences of all sorts. I have always considered that everything which tends to differentiate the Canadian nationality from the American nationality, and show to the outside world, to the passer-by, to the traveller, whether he is of English, German or French origin, that we want to express the difference of our civilization and its component elements from that of the United States, should be encouraged.

What is the main difference between Canada and the United States? Is it climate? Is it production? Is it social habits? Is it literature? That may be the case to a large extent in the province of Quebec, though I am sorry to say that it becomes less so from day to day. As regards English speaking Canada, however, let my good friends on all sides of the house make what we call in Catholic theology their examination in conscience. Do they realize to what extent from year to year their children are becoming more and more American? Do they realize that the so-called American literature of the cheapest kind is being circulated in Canada to a degree to which the circulation of English literature cannot be compared? I admit that in connection with a small measure of this nature we cannot counteract that influence, but I repeat that everything should be encouraged which will remind the children of Ontario, of Quebec, of New Brunswick or of Saskatchewan that Canada is something different from the United States, that in Canada there are elements of ethnical, culture

and social civilization which differentiates the Canadian nation as a whole from the great American nation to the south. Do you not think that is the best permanent service we can render not only to ourselves and not only to Canada but, I repeat, to the British Empire?

It is not by the strength of arms, by the influence of money or by diplomacy that Great Britain has kept Canada within her great empire. We have remained a part of the British Empire because, after many years of misunderstandings, England succeeded in gaining the confidence of that portion of the Canadian nation which is of French origin, which speaks French and which desires, not in a spirit of arrogance but on the contrary in a spirit of confraternity, to stamp its character on the nation with its language, not to the detriment of the English language or of English culture but rather in unison with English culture. We do not desire to do what the Norman conquerors did in England. They imposed the French language on the great English nation for five centuries, but that did not prevent English civilization from emerging out of that conquest and developing that magnificent policy with which we are all proud to be associated. In this country of ours, principles of liberty and cooperation should prevail over any idea of the imposition of the will of a majority on the minority or the arrogant demand of a minority from an unwilling majority. Whether we belong to the majority or the minority, let us all consider these things from a broad Canadian point of view, from a broad British point of view and from a broad international point of view.

I repeat that in a small matter of this kind we cannot do a great deal, but by this means every Canadian, wherever he may travel, will show that under the sovereignty of King George, which we freely acknowledge —not because he is the king of England but because he is our king and because we wish to keep him our king—we have freedom to express ourselves in French or in English, and that our civilization is the result of the unison, the amity and the cooperation of those two great races. Do you not think it is better to have that expressed every time and everywhere than to leave it to the narrow interpretation of the French speaking Canadian or the narrow interpretation of the English speaking Canadian to say, on one side, "we are French" and on the other "we are English"? Let us say, "we are all Canadians," and we make use of those two great instruments of civilization, those two great expressions of human thought, the French language and the English language, to prove to the world that two races can live in amity, can understand each other, can make concessions to each other without always quibbling about legal texts or endeavouring to show that a majority is oppressing a minority or that a minority is endeavouring to wrest, through political squabbles and intrigues, privileges for which it should not ask. It is in that spirit, Mr. Chairman, that twenty-seven years ago, as the Prime Minister has reminded us, I upheld with quite the same degree of fervour the request of the hon. member for Montmagny (Mr. LaVergne). It is in the same spirit that all through my somewhat agitated life I have always endeavoured to bring the French Canadian to understand the English and the English to understand the French Canadian, because so long as we do not understand each other we will not accomplish anything good, but if we do understand each other we can accomplish wonders.

The CHAIRMAN (Mr. Smith, Cumberland): The question is on the amendment.

Amendment (Mr. Lapointe) negatived: yeas 42; nays 69.

The CHAIRMAN (Mr. Smith, Cumberland): I declare the amendment lost.

Mr. POWER: I was paired with the hon. member for Muskoka-Ontario (Mr. McGibbon). Had I voted I would have voted for the amendment.

Mr. VALLANCE: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted, I would have voted for the amendment.

Mr. RALSTON: I was paired with the Minister of Finance (Mr. Rhodes). Had I voted, I would have voted for the amendment.

Mr. MURPHY: I was paired with the hon. member for Northumberland (Mr. Fraser). Had I voted, I would have voted against the amendment.

Mr. TURNBULL: I was paired with the hon. member for Yorkton (Mr. McPhee). Had I voted, I would have voted against the amendment.

Mr. HOWARD: I was paired with the hon. member for Grenville-Dundas (Mr. Casselman). Had I voted, I would have voted for the amendment.

Mr. DUBUC: I was paired with the hon. member for Halifax. Had I voted, I would have voted for the amendment.

Mr. GARLAND (Carleton): I was paired with the hon. member for Russell (Mr. Goulet): Had I voted, I would have voted against the amendment.

Mr. CHARTERS: I was paired with the hon. member for North Wellington (Mr. Blair). Had I voted, I would have voted against the amendment.

Mr. ANDERSON (Halton): I was paired with the hon. member for Toronto West Centre (Mr. Factor). Had I voted, I would have voted against the amendment.

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

Mr. SAUVE: I was paired with the hon. member for l'Assomption-Montcalm (Mr. Séguin). Had I voted I would have voted against the amendment.

The CHAIRMAN (Mr. Smith Cumberland): Section carried.

Mr. BENNETT: I move that the committee rise, report progress and ask leave to sit again, beginning with section 26.

Mr. MACKENZIE KING: What will be the other business?

Mr. SPENCER: Is section 25 carried? We could not hear you.

The CHAIRMAN (Mr. Smith, Cumberland): It is carried.

Mr. BENNETT: Let it stand, then, Mr. Chairman.

Section 25 stands.

Progress reported

On motion of Mr. Bennett the house adjourned at 10.58 p.m.

Monday, June 25, 1934

The house met at three o'clock.

CIVIL SERVICE

FOURTH REPORT OF SPECIAL COMMITTEE TO INQUIRE INTO ADMINISTRATION AND OPERATION OF CIVIL SERVICE ACT

Mr. J. L. BOWMAN (Dauphin) presented the fourth report of the select special committee on the Civil Service Act, as follows:

House of Commons,
Monday, June 25, 1934.

Fourth Report:

The select special committee appointed to inquire into and report upon the administration and operation of the Civil Service Act as amended, with instructions to inquire into and report concerning the repeal or amendment of any of the provisions of the said act or the substitution therefor or addition thereto of other provisions as the committee may deem advisable, begs leave to present the following as its fourth report:

(1) Representations have been made to your committee urging that certain temporary employees who have for long periods been occupying positions of a permanent nature should now be accorded permanent status.

Your committee find that by orders in council, P.C. 2958, dated the 16th day of December, 1920, and P.C. 3895, dated October 22, 1921, passed pursuant to the Civil Service Amendment Act, October, 1919, 4060 temporary employees who had been continuously employed in positions of a permanent character since November 10, 1919 (the date on which the Civil Service Act became law) were, during the period 1920-27, given permanent status. In 1927, however, the enabling orders in council were rescinded. The representations which have been made to your committee urge that any other temporary employees (approximately 300 in number) who were eligible to benefit under this section of the act and the said orders in council but whose permanency was not at the time effected should now be granted permanent status, in order that they may enjoy the benefits attached thereto. These benefits include the right to contribute to the Civil Service Superannuation Act, the right to receive statutory increases when these are again allowed, the right to compete for promotions when promotions are again authorized, and the right to receive retiring leave on separation from the service. A large number of the employees in question have already been permitted to contribute to the Civil Service Superannuation Act, so that the additional burden on that fund will be small, and as all statutory increases and the great majority of promotions are at present prohibited, there will be little, if any, additional cost in this connection nor in connection with the question of compensation, as employees will continue to receive the salaries which they are now paid.

Your committee believes that there is justification for the granting of permanent status to the employees in question, and recommends that the civil service commission be instructed to prepare the necessary regulations for submission to the governor in council to give effect thereto.

(2) Representations have also been made to your committee that permanent status should be conferred upon the staff of the soldier settlement board, which has since 1918 been operating almost entirely on a temporary basis.

It is represented that as a result of reorganization the staff has now reached a permanent basis, having been reduced from a peak figure of 1,595 to a present figure of 343. The great majority of the members of the staff are returned soldiers and have been employed continuously for long periods of service—in many cases up to fifteen years. Your committee finds that in 1928 action in this respect was taken in connection with the staff of the Department of Soldiers' Civil Reestablishment.

Your committee is of opinion that the action requested is in the public interest, and recommends that the Soldier Settlement Act be amended to provide that:

"Such members of the staff of the soldier settlement board as may be designated by the governor in council shall, notwithstanding anything contained in the Civil Service Act, be regarded as permanent employees, provided that their positions are certified by the civil service commission, upon the recommendation of the minister based upon the report, in writing of the deputy minister, to be of indeterminate duration, and shall thereafter become subject in all respects to the Civil Service Act."

(3) Representations have been made to your committee on behalf of employees receiving prevailing rates of pay, urging that they be allowed to contribute to the civil service superannuation fund.

Section 2 of The Civil Service Superannuation Act limits the benefits of that act to permanent full time employees "who are in receipt of a stated annual salary of at least $600." The employees on whose behalf representations have been made could accordingly secure the benefits of the superannuation act only by having their salary rate changed from a prevailing rate basis to a state annual salary, or by amending the provisions of the Civil Service Superannuation Act in this regard.

With respect to this and other matters relative to the application of the superannuation act the factors involved are of so complicated a nature that your committee was unable to obtain sufficiently definite or comprehensive information to warrant a recommendation. Moreover the committee is of opinion that the question is one that does not properly come within its terms of reference. In any case it is understood that these matters are under consideration by the advisory committee on the superannuation act to which body your committee suggests the representations above specified be referred.

(4) Your committee has been pleased to note that since the reorganization of the civil service commission substantial progress has been made in carrying out the recommendations of the special committee of 1932, and that action is being taken in connection with overlapping and the reorganization of certain services. Your committee particularly urges that the progress which has already been made in absorbing surplus personnel and thus obviating the necessity of filling vacancies with new personnel, be extended to the greatest degree possible.

(5) Attention has been drawn to recommendation No. 21 contained in the report of the civil service committee of 1932, recommending the setting up of a board to adjudicate upon complaints of civil servants.

It has been alleged that this board has not functioned due to the fact that no person has been designated to convene the board.

Your committee finds that the civil service commission has been dealing with complaints of civil servants by means of conferences with representatives of civil servant organizations and with representatives of the departments concerned.

Your committee recommends that the civil servant organization, of which the complainant is a member, should notify the civil service commission of its desire to have a complaint considered and that the commission then take the necessary steps to have such board convened.

[Mr. Bowman.]

(6) Your committee has had placed before it numerous other representations containing much useful information regarding conditions in the public service in connection with all of which careful consideration has been given. It has not, however, been practicable to deal definitely with all the matters submitted and it is accordingly recommended that such matters appearing on the record not dealt with specifically by this report be investigated by the civil service commission so that where possible the necessary action may be taken. And furthermore that the commission submit a full report upon the matters involved to such select committee on civil service matters as may be set up at a subsequent session.

(7) Your committee finds itself in sympathy with the representations made to it that the full restoration of promotions and increases and compensations in the service would be in the public interest and recommends that such steps be taken as soon as financial conditions warrant.

(8) Your committee has been greatly assisted by the evidence and information placed before it by the several civil servants' associations, and has been impressed with the high efficiency and morale of the public service as indicated thereby.

A copy of the printed proceedings and evidence is submitted herewith.

All of which is respectfully submitted.

J. L. Bowman,
Acting Chairman.

FRANCHISE AND ELECTION ACTS

REPORT OF SPECIAL COMMITTEE ON BILLS NUMBERS 101 AND 115

Hon. HUGH GUTHRIE (Minister of Justice) presented the first report of the special committee to which was referred Bill No. 101, respecting the franchise of electors at elections of members of the House of Commons and Bill No. 115, respecting the election of members of the House of Commons as follows:

The special committee of the house to which was referred Bill No. 101, an act respecting the franchise of electors at elections of members of the House of Commons, and Bill No. 115, an act respecting the election of members of the House of Commons, recommends that it be given leave to sit while the house is sitting.

All of which is respectfully submitted.

H. Guthrie,
Chairman.

Mr. GUTHRIE moved that the report be concurred in.

Motion agreed to.

STOTLAND DIVORCE BILL

Mr. E. R. E. CHEVRIER (Ottawa) moved:

That Bill Q2 of the Senate for the relief of Hyman Stotland, the preamble of which has been reported not proven by the select standing committee on miscellaneous private bills, be placed on the order paper, under standing order No. 111, for consideration in committee of the whole at the next sitting of the house.

Mr. SPEAKER: Those in favour of the motion please say "aye."

Some hon. MEMBERS: No.

Mr. CHEVRIER: Under standing order 45, as this is a private bill, no notice is required. The rule reads as follows:

Forty-eight hours' notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of any committee, or for placing a question on the order paper, but this rule shall not apply to bills after their introduction, or to private bills. . . .

Standing order No. 111 reads:

When the committee on any private bill report to the house that they have made any material change in the preamble of a bill, the reasons for making such change shall be stated in their report; and if they report that the preamble of a bill has not been proved to their satisfaction, they must also state the grounds upon which they have arrived at such a decision; and no bill, the preamble of which has been reported as not proven, shall be placed upon the orders of the day unless by special order of the house.

But I submit that under standing order 45 that does not apply.

Mr. BENNETT: I have not had an opportunity to look into this motion. I should like it to stand in order that the government may have an opportunity to see what it involves.

Motion stands.

EXPRESS AND COMMUNICATIONS

On the order for the introduction of bills to incorporate Canadian Railway Express Company and Canadian Communications Company!

Hon. R. J. MANION (Minister of Railways): Regarding these two bills, the government was asked by the two railway companies to introduce them, as they regarded it as essential that enabling legislation should be made available to expedite whatever measures for unified operation the two companies might decide jointly to adopt with respect to the two subsidiary services referred to. However, latest information intimates that no agreement has as yet been reached or is in prospect of being reached at an early date, if at all. Therefore the matter cannot be said to be one of immediate urgency. For this reason the government does not intend to proceed with these bills.

LOAN COMPANIES ACT AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister, for the Minister of Finance) moved for leave to introduce Bill No. 123, to amend the Loan Companies Act.

Mr. MACKENZIE (Vancouver): Explain.

Mr. BENNETT: It will be within the memory of the house that a few weeks ago I intimated that we would endeavour to prepare legislation which would deal with a question raised by the hon. members for Macleod (Mr. Coote) and Battle River (Mr. Spencer) respecting the charges made by these personal loan corporations. This bill proposes to deal with the matter in the only way we believe we may be able to deal with it through federal legislation.

Mr. MACKENZIE (Vancouver): Does it apply to all companies, may I ask?

Mr. BENNETT: Yes, heretofore incorporated by act of this parliament or hereafter incorporated. In other words it is proposed that any legislation shall apply generally to all such corporations.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

CANADIAN NATIONAL TELEGRAPHS—SALARIES

Mr. LAFLECHE:

1. What salary do the officials of the Canadian-National Telegraphs receive?
2. What salary does each such official receive?
3. What sum is paid for the rental of each office?
4. What salary does each official of the Canadian-National Express Company receive?

Mr. BENNETT: With respect to this question it may be difficult to obtain the information requested for a very considerable length of time. It involves the securing of information from sources over which the government has no immediate control.

Mr. SPEAKER: Question dropped.

QUESTION PASSED AS ORDER FOR RETURN

TADOUSSAC, QUEBEC—WHARF

Mr. CASGRAIN:

1. Is any work being done on the wharf at Tadoussac at the present time?
2. If so, upon whose request is such work being carried out?
3. Who is the foreman in charge?
4. What are the names of the persons employed in connection with such work?

Mr. STEWART (Leeds): Return tabled herewith.

MOTION FOR PAPERS

DISMISSAL OF EUGENE BAULAC

Mr. MERCIER (Laurier-Outremont):

For copy of all correspondence, telegrams, letters, petitions, recommendations, requests, memoranda and other documents, respecting the dismissal in 1930 or 1931 of Eugene Baulac, then returning officer of the electoral division of Laurier-Outremont, and the present incumbent of the position.

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER PROPOSED LEGISLATION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): May I ask the Prime Minister if the house now has before it notice of all the legislation that is likely to be introduced at this session?

Right Hon. R. B. BENNETT (Prime Minister): The report of the radio committee has not been received, but apart from that I think there is on the order paper notice of all the legislation except possibly an amendment to a bill that went from here to the Senate. Other than that I know of nothing further at the moment.

UNITED STATES TRADE ZONES

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): I should like to ask a question of the Prime Minister (Mr. Bennett) in his capacity as Minister of External Affairs, and I regret that I did not have an opportunity of giving notice of the question. Has the right hon. gentleman been advised that the President of the United States recently signed a bill known as the Free Trade Zone Act which, according to press dispatches, purports to provide for the establishment, operation and maintenance of foreign trade zones in ports of entry for the United States, and which undertakes to expedite and encourage foreign commerce? In view of the effect this may have upon trade through Canadian ports, both on the Atlantic and the Pacific, would the right hon. gentleman make a statement in regard to the situation within the next day or two?

PRIVILEGE—MR. MOTHERWELL

On the orders of the day:

Hon. W. R. MOTHERWELL (Melville): On a question of privilege, Mr. Speaker, I should like to direct attention to a report appearing on page 12 of the Toronto Globe of June 21, as follows:

[Mr. H. A. Stewart.]

House is Jumpy After Elections

... When the marketing bill was mentioned, Hon. William R. Motherwell fired at Hon. Robert Weir, Minister of Agriculture, who has just returned from the Saskatchewan campaign, a sarcastic query as to whether the marketing bill had been a factor in that campaign.

To use an historic illustration I may say that this reporter "must have got the wrong sow by the ear", as I decidedly never did make such a statement.

Right Hon. R. B. BENNETT (Prime Minister): I think, as a matter affecting the privileges of the house, the question was asked by the hon. member for Quebec East (Mr. Lapointe).

BANK ACT AMENDMENT

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 18, to amend the Bank Act.

He said: Mr. Speaker, the bill extending the charters of the banks has been considered by the Senate and returned to this house with certain amendments. I propose to indicate very briefly what the suggested amendments are before making any motion with respect to them. The first section is 53, in which subsection (10) was stricken out. That subsection dealt with matters that were to be covered by the return made by the banks to the minister, and it was requested by the Commons that the return should provide for a statement being made as to the managers and assistant managers and other employees of the banks, with a statement of the salaries which they were receiving. The Senate took the view that this was not a proposal cognate to the other matters dealt with by the return and that, as such information was available through the statistical branch of the Department of Trade and Commerce, it was not really a necessary part of any such return. The government is of the opinion that the view of the Senate in that regard is well taken, especially that part of their contention in which they suggest that if this were to apply to the banks it should apply equally to all other corporations created by this parliament and should be general in its character rather than special. In the committee the matter was moved by the hon. member for Essex (Mr. Morand).

The next section dealt with was section 75, which deals with the business and powers of the bank. It will be within the memory of the house that when the bill was before the committee, as well as when it was before the

committee of the whole house, a discussion took place as to the limitations upon loans made to directors and the special provision that they should not be present or vote at any meeting of the board when loans or advances were made to a director or any firm or company in which he was interested. After the bill left the committee the banks pointed out that several of the Canadian institutions have branches abroad, in France particularly, for which they have separate acts of incorporation. These are known as the Bank of Montreal (France), the Banque Canadienne Nationale (France), the Royal Bank of Canada (France), and so on, and that as the directors have to deal with the position of these branches with respect to the bank as a whole it would be very improvident, to say the least, to prevent them from being able to vote when loans or advances were being made to these branches. It is proposed to amend the section by adding these words:

but this subsection shall not apply to the consideration of loans or advances to corporations controlled by the bank, the shares of which, except for qualifying shares, are owned by the bank.

Mr. MACKENZIE (Vancouver): Would that not apply to other corporations owned by any chartered bank within the Dominion of Canada?

Mr. BENNETT: The bank is prohibited from carrying on any business except the banking business.

Mr. MACKENZIE (Vancouver): But the trust companies with which they are associated?

Mr. BENNETT: The banks do not own trust companies; there is no case in which a bank owns a trust company.

Mr. MACKENZIE (Vancouver): Not directly.

Mr. BENNETT: But this deals with the question of the directors voting with respect to the maintenance of subsidiary companies owned by the bank.

The next section dealt with was section 88. It will be within the memory of the committee that this section provides for loans being made to wholesale dealers, and that the subsections immediately dealt with were (8), (9) and (10), which deal with the authority of the banks to make loans upon warehouse receipts and so on. It will be remembered that in the Bank Act there is a provision permitting the banks to advance money for the purchase of seed grain upon the security of the crop to be grown. The members of the Senate representing agricultural communities represented that fertilizer was becoming almost as important as seed grain, and they amended the subsection to provide that fertilizer and seed grain should be on the same basis. The government see no reason why that view should not prevail.

The next section dealt with was section 151. Perhaps it will be recalled by the house that this section deals with prohibited business of the banks and also provides penalties for the bank engaging in prohibited business. Among others there were provisions in a previous section that prohibited the bank from using its name for advertising purposes on prospectuses and similar documents. This amendment provides that the penalty shall apply where the bank permits its name to appear upon any prospectus or advertisement in connection with the issue of securities.

Mr. MACKENZIE (Vancouver): I thoroughly approve of that.

Mr. BENNETT: That makes it unanimous. The next section dealt with was section 160. It will be recalled, perhaps, that this section deals with the question of returns and matters of that kind, but no penalty was prescribed for failure to make such returns. It is therefore proposed to add the following subsection:

"(4) Every bank which neglects to transmit or deliver to the minister within the time prescribed by the treasury board a certified return showing, as to deposits by the public in Canada payable on demand and also deposits payable after notice, the number and aggregate amount of such deposits in each of the classifications by this act required, at a date to be specified by the treasury board, shall incur a penalty of fifty dollars for each and every day during which such neglect continues."

In other words, while we made a new provision for returns of this character being made no provision was made for the penalty which would follow from noncompliance with the affirmative provision of the section. The next change is to subsection 3 of the same section, where they have added the words "to the minister" after the word "deliver" in line twenty-one. That is, there was no indication, by oversight I take it, as to whom the return should be delivered. The amendment provides that it shall be transmitted or delivered to the minister, and the added words are " to the minister".

The next matter, however, may call for some extended explanation. It has to do with schedule A to the bill. Schedule A names the banks to which the act applies, namely the Bank of Montreal, the Bank of Nova Scotia, the Bank of Toronto, La Banque Provinciale du Canada, the Canadian Bank

of Commerce, The Royal Bank of Canada, The Dominion Bank, Banque Canadienne Nationale, Imperial Bank of Canada and Barclays Bank (Canada). Now, under the provisions of the law as applied the banks which I have just named carrying on business in Quebec may utilize the equivalent of the English name for the purpose of maintaining actions, or for placing upon their cheques or otherwise. La Banque Provinciale du Canada has the power, by its charter, to use the words "Provincial Bank of Canada". When the Banque Canadienne Nationale was incorporated by this parliament there was great difficulty in securing the name. It was felt by many at that time that the effect would be to leave the impression that that was the central bank of Canada, and that therefore probably great difficulty would be experienced, or that there would be confusion in the future if a central bank were created. The matter has stood in that way since that time, but it is quite clear from reading Hansard of that day that the charter was granted and the favourable report of the committee secured on the basis of the name being what I have indicated, namely that of La Banque Canadienne Nationale. But in view of the fact that a central bank is now being established, and that all the other chartered banks are not averse to this change being made, because they are really all directly concerned—for it might be that a wrong impression would prevail in the minds of depositors who might select such a bank as being a national bank—it is felt that there might be added to the schedule these words:

> La Banque Provinciale du Canada and Banque Canadienne Nationale hereinbefore named may respectively carry on business pursuant to the provisions of this act, under the respective names "The Provincial Bank of Canada" and "National Canadian Bank."

It would not be "Canadian National Bank" but "National Canadian Bank". That constitutes the only other amendment which has been suggested.

The history of the Provincial Bank is well known, probably because it was incorporated more recently than the old Banque Canadienne Nationale. The Banque Canadienne Nationale came into existence before confederation; in fact, it came into existence in 1859. It was first called the Bank of Hochelaga and in 1924 obtained from this parliament the right to the name Banque Canadienne Nationale. It was made clear at that time, for the reasons which I have indicated, that it should use that name and none other. But I think the changed conditions, namely the creation of the central bank, and the removal of any objections on the part of the other chartered banks to the same privileges accorded to the Banque Canadienne Nationale as is accorded to them in the province of Quebec, meets the situation. Subject to the attitude of this house, the government sees no reason why the amendment should not be adopted.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I still think that the amendment moved by the other house to section 75 of the bill is dangerously vague. Subsection 3 in the bill reads as follows:

> In no case shall a director of the bank be present or vote at a meeting of the board during the time when loans or advances to himself or any firm, company or corporation of which he is a partner or director are under consideration.

The proposed amendment is to add the following:

> But this subsection shall not apply to the consideration of loans or advances to corporations controlled by the bank, the shares of which, except for qualifying shares, are owned by the bank.

I appreciate the situation the Prime Minister outlined which this amendment is intended to meet, but I still submit the amendment is not in accordance with the sentiment expressed before the banking and commerce committee.

The other reservation I wish to make is in regard to the last words of the Prime Minister. I submit that we should not have in the Dominion of Canada to-day any bank with the appellation "National Canadian Bank" when we are just now setting up another financial institution to be known as the Bank of Canada. I believe these two names are bound to lead to a very extensive degree of confusion in future operation. I appreciate what the Prime Minister has said, that possibly as a matter of right these organizations should be entitled to use the English equivalents of their French names, but I still say that so far as observers are concerned, when they see the title: "National Canadian Bank" they will be confused, and they will not be in a position to distinguish this bank from the Bank of Canada we are now setting up. So far as I am concerned, and speaking only for myself, I wish to make these two reservations to the amendments submitted by the Prime Minister.

Mr. PAUL MERCIER (St. Henri): Mr. Speaker, I concur in the amendments to the bill. I can see no objection to the Banque Canadienne Nationale being called, as indicated by the Senate, the National Canadian Bank. As a matter of fact, there are several

translations of the names of Canadian banks. We have, for instance, La Banque Royale du Canada, which is the French translation of The Royal Bank of Canada. I do not see why we should refuse a similar translation, such as suggested by the Senate, to the name of La Banque Canadienne Nationale, so that it may be known as the National Canadian Bank. Then, there is the further suggestion that La Banque Provinciale du Canada be known as the Provincial Bank of Canada. That is a correct translation of the name, and one could not translate the name of that bank into English by using any other words. Those words, in English, indicate the title of the bank as it was incorporated by an act of parliament. Then, La Banque Nationale of Quebec and the Bank of Hochelaga were merged under the name La Banque Canadienne Nationale. That name does not indicate that La Banque Canadienne Nationale is the bank of the Canadian National Railways, and it does not mean that it is the Bank of Canada. The words "National Canadian Bank" are simply a translation of the words "Banque Canadienne Nationale." It certainly does not mean that this is a state bank. We are now considering a bill to create a state bank, to be known as the Bank of Canada, and which will operate as a central bank. I can see no reason why the name "National Canadian Bank" should not be granted, because it is a correct translation. I humbly suggest that the amendment by the Senate to Bill 18 does not lead to confusion with the name of some other bank. I do not believe that when people deal with La Banque Canadienne Nationale or the National Canadian Bank they will think they are doing business with the Bank of Canada; absolutely not.

I humbly pray that the amendment be accepted, and I shall so vote.

Hon. MAURICE DUPRE (Solicitor General): Mr. Speaker, may I add a few words, in passing, in connection with the amendments made by the Senate? I quite agree with the hon. member for St. Henri (Mr. Mercier) who has just spoken. May I point out that for a long time before we had La Banque Canadienne Nationale this same bank before its amalgamation was called La Banque Nationale, which may be translated into the words "The National Bank." In my estimation that was almost as comprehensive a name as is the term Bank of Canada. For instance, at the present time we have the ringing name of the Royal Bank of Canada, and in my opinion the name of that bank is just as big and just as ringing as the name Bank of Canada. Since all the other banks, such as the Bank of Montreal, have translated their names —in this instance it is La Banque de Montreal —and other banks have the same right, I do not see why La Banque Canadienne Nationale should be denied that right.

Mr. C. G. POWER (Quebec South): This controversy is by no means new. In 1924 or 1925—

Mr. BENNETT: 1924.

Mr. POWER: —when the old Banque Nationale was amalgamated with the Banque d'Hochelaga, the bill permitting this amalgamation came before this house and was referred to the committee on banking and commerce. In that committee, after considerable discussion, a vote was taken and I have a very clear recollection that those who opposed granting to the new bank permission to translate the name—I think it was to be called the Canadian National Bank; the petition was to the effect that it should be called in English the Canadian National Bank—carried the day by one vote. The chairman of the committee on banking and commerce afterwards brought the matter to the attention of the house, and I am under the impression that a vote was taken in this chamber and that once more permission was refused the bank to call itself the Canadian National Bank. At that time I opposed the request of the bank and I see no reason why I should change my attitude to-day. There is no doubt whatever in my mind that confusion may arise and that people outside Canada may come to the conclusion that this bank is in some respects a national bank and has the backing of the government of Canada. It is I think within the memory of hon. gentlemen in this house that only two or three years ago in the United states there was a bank called either the Bank of the United States or the United States Bank, which failed with rather disastrous results; and at that time it was I think conclusively shown that a large number of people, foreigners and others who were not aware of the true significance of the name of the bank, had invested moneys in it or had made deposits in the belief that the bank was in some way connected with the American government. We have in our statutes a prohibition against the use of the word "royal," and I think at one time, many years ago, the late Sir Rodolphe Forget wished to incorporate a bank called La Banque du Canada, or La Banque Nationale—

Mr. BENNETT: The hon. gentleman is quite right. He did propose to call it the Bank of Canada, and that was refused.

Mr. POWER: He did propose to call it the Bank of Canada or La Banque du Canada, and that permission was refused by the House of Commons. Afterwards I believe he was permitted to use the name La Banque Nationale du Canada or something of that sort. I believe that the same reasons still exist against permitting any private bank to use a name which might in any way confuse depositors or investors and lead them to believe that the people of Canada or the government of Canada are in some way supporting any such institution.

Mr. R. B. HANSON (York-Sunbury): With respect to the amendment made by the other house in connection with subsection 3 of section 75 I submit that this is a very proper amendment to make and one which was not visualized by the banking and commerce committee. Had our attention been directed to the necessity for such an amendment I have no doubt the amendment would have been freely granted by the committee. I see no objection whatever to the amendment and I am prepared to support it. With respect to the amendment to schedule A at page 87, granting the Banque Canadienne Nationale, the English equivalent, I recall very well the incident brought to the attention of the house by the hon. member for Quebec South (Mr. Power). There was a good deal of difference of opinion in the banking committee and also in the House of Commons at that time in 1924. I do not recall how I voted on that occasion, but I do believe now that a very distinct mistake was made at that time. Just how you are going to remedy it at this stage I do not know, and I do not think it carries the mistake further by giving the bank the English equivalent. But that is the only justification there can be for giving the bank at the present time the English equivalent. They have the French nomenclature now and perhaps they are entitled to retain it. I doubt very much however whether this house ought ever to have given the bank the name which it then sought and obtained.

Hon. ERNEST LAPOINTE (Quebec East): The question of the advisability of having given that name to this particular bank does not present itself to-day, I submit.

Mr. BENNETT: Hear, hear.

Mr. HANSON (York-Sunbury): It is too late.

Mr. LAPOINTE: La Banque Nationale was incorporated many years ago.

Mr. CAHAN: Before confederation.

[Mr. Bennett.]

Mr. LAPOINTE: Yes. When there was a fusion of La Banque Nationale and the Hochelaga bank the name was changed into La Banque Canadienne Nationale, which was no worse, if there is anything wrong about the appellation, than the first one. Now it is decided to give also the English name. Well, what is the difference? If the French name is legal, why not the English name as well? I am one of those who are not afraid of having both languages on anything in this country.

Mr. PAUL MERCIER (St. Henri): I remember quite well the discussion to which the hon. member for York-Sunbury (Mr. Hanson) has referred. I sponsored the bill in question. As regards the contention that a mistake was made in giving the bank the name which it then received, inasmuch as there is to be a central bank now I see no objection.

Mr. G. G. COOTE (Macleod): I certainly think this house should not agree to the Senate amendment which provides that one bank may use the name National Canadian Bank, because I am sure that name is very misleading to the general public. The name national attached to a bank conveys a wrong impression so far as our chartered banks are concerned. It is not national in any sense. I cannot see anything analogous between the use of the word royal and the use of the word national. The word national conveys in a very distinct way the idea that this is a national institution, that the nation has some financial responsibility; and in connection with a bank I think it is very improper for the House of Commons to allow this name to be used by the Banque Canadienne Nationale. I do not remember in detail the discussions that took place on this matter ten years ago, but I do remember distinctly that a majority of the House of Commons were absolutely opposed to granting to the bank the use of this term National Canadian Bank. It was pointed out that Canada would probably at some future time wish to establish a bank which would be truly national in the real sense of the word. The Bank of Canada in a sense is to be a national bank and I think the House of Commons would be ill advised to allow this change to be made.

Mr. A. E. MacLEAN (Prince): I am glad the Senate has seen fit to amend this bill so that loans can be given to farmers to purchase fertilizer the same as they have been given heretofore to purchase seed grain and binder twine. The difficulty has been that a farmer in the maritimes who wanted to get

a loan from an organization with which to buy fertilizer was compelled to mortgage his product to that organization. He was not free to sell to any one else. That may not have been a great disadvantage to him but I think the present arrangement will be better. If he can borrow from a bank he will be free to sell his product on the market and he will not be tied up to any organization and compelled to sell to them. I am glad the Prime Minister (Mr. Bennett) has indicated that the government is ready and willing to accept this amendment.

Mr. BENNETT: In moving that these amendments be now read a second time and concurred in I desire to make only one observation which I trust will not be misunderstood. If the government thought that there was the slightest likelihood of there being any confusion in the minds of either depositors or investors in connection with this bank and the Bank of Canada, it would take appropriate steps to provide against such confusion. I have been reminded by the hon. member for East Edmonton (Mr. Bury) of something which I saw myself only a few years ago in the city of Dublin. There are two banks carrying on business in that city. One bank is a joint stock company and its name is the National Bank of Ireland. The other bank is the Bank of Ireland. The one institution which has been in existence for a long time is the central bank of the Free State and has fulfilled those functions as far as united Ireland is concerned the same as the Bank of England fulfilled its functions in connection with the United Kingdom before the recent treaty. This change is being made at the end of schedule A and if it is found that difficulties or confusion arises, parliament will always be in a position to deal with them. I am sure that those who are responsible for the bank will be quite reasonable in the position which they take in the matter. It must be realized that there was a Banque Nationale in this country prior to 1924. This bank and the Bank of Hochelaga united and desired to call themselves the National Bank. That was changed and the name as it now stands is Banque Canadienne Nationale, the Canadian National Bank.

Mr. POWER: Canadian national would be a poor translation.

Mr. BENNETT: That name was thought to be undesirable as it might be thought to be a branch of the railways or the steamships. What convinced me more than anything else that there would be no difficulty about this matter was the fact that those banks which had been antagonistic to the proposal in 1924 because they felt that there might be misunderstanding with respect to deposits are not antagonistic at the present time. The secretary of the association communicated that fact to me when I asked him definitely about the matter.

Mr. MACKENZIE (Vancouver): Because the new bank is known as the Bank of Canada?

Mr. BENNETT: Because they felt that there would be no confusion in connection with the Bank of Canada. Had there been no Bank of Canada they would not have withdrawn from their position. That is what I have been advised, and it looks quite reasonable. The question at issue now is not that of the name given to the bank in 1924. That was limited to the name in French but in view of what has transpired by the creation of the other bank, it seems to me to be unfair to say that while all other banks can use the French equivalent of their names, this bank cannot use the English equivalent of its name. The government accepts these amendments and I now move that they be read a second time and concurred in.

Mr. H. E. SPENCER (Battle River): There is another bank called the Provincial Bank of Canada. I take it that the Bank of Canada will have branches in all the provinces in due time and I should like to know if there will not be a possibility of a misunderstanding as to the provincial branches of the Bank of Canada and the Provincial Bank of Canada.

Mr. BENNETT: I do not think so.

Motion agreed to on division.

BANK OF CANADA ACT

The house resumed from Friday, June 22, consideration in committee of Bill No. 19, to incorporate the Bank of Canada—Mr. Rhodes —Mr. Smith (Cumberland) in the chair.

On section 25—Payment in gold.

Mr. SPENCER: The hon. member for Wetaskiwin (Mr. Irvine) intended to move an amendment to this section which has been permitted to stand. He found it necessary to attend a committee this afternoon and has asked me to move his amendment. This section refers to the redemption of dominion notes in gold and as the hon. member and others with him do not believe in the gold basis or in having to redeem our dominion notes in gold, he has asked me to move:

That section 25 be amended by striking out subsection 1 and subsection 2.

Mr. COOTE: I should like to say a few words in support of the amendment which has just been moved. Subsection 1 imposes upon the bank the necessity of selling gold to any person who makes a demand therefor. The bank is compelled to redeem its notes in gold, to pay to anyone who presents sufficient notes approximately four hundred ounces of fine gold. I understand that there is no intention to compel the bank to redeem its notes in gold coin, but anyone outside of Canada who is able to secure sufficient Bank of Canada notes can go to the bank and demand gold. I think we are very foolish to impose this upon the bank when the preamble states that the purpose for which the bank is being set up is to regulate credit and currency in the best interests of the economic life of the nation. If this bank is to have a chance of doing that it seems to me that we should not impose upon it the necessity of redeeming its notes in gold. The terrific depression which has been upon us for the last few years is due chiefly to the financial deflation which occurred in the gold countries. Canada, being on the gold standard, had to follow the same financial policy and deflate her financial structure. Had we not been upon the gold standard and had we had an institution capable of managing credit and currency, such as I understand this Bank of Canada is to do, in my humble opinion the depression in Canada would not have affected us to one half the extent it has. Undoubtedly certain countries that have not been on the gold standard during the past four years are in a better position and their producers are in a better position because of this. For that reason I regret very much the present measure contemplates that the bank, the moment it is set up, is going to be under the liability of redeeming its notes in gold. It is true subclause 2 gives the governor in council power from time to time to suspend this subclause. But the bill as drafted makes it almost impossible for the bank to conduct its operations because it is faced with the necessity of redeeming its notes in gold. There is a distinct difference between compelling a bank to redeem its notes in gold as provided for in subclause 1 and having a gold reserve against notes. While at this time I am not opposing very strongly this clause which imposes upon the banks the necessity of carrying 25 per cent gold reserve for its notes, I think we are very unwise to have a clause inserted in the bill compelling the bank to redeem its notes in gold, because this places our whole price structure, our whole internal economy at the mercy of countries which are on the gold basis and which may at any time start deflation.

In a recent article in the Christian Science Monitor I notice an article stating that the Midland Bank and Gustav Cassel, one of the leading economists of Europe, agree on gold dispensability—that is, the ability to dispense with gold as a basis for currency. I do not at the moment suggest that we should dispense entirely with gold because I do not think the house would accept such an amendment, but I think we might leave out of this measure subclauses 1 and 2 of clause 25. Under clause 20, subclause 1, the bank has power to buy and sell gold and I think that is all that is necessary. Let us leave it to the bank to sell gold at whatever price they think is in the best interests of the nation. I hope the government will consider leaving it in the hands of the bank as to when they should buy and sell gold and at what price it should be sold, because under the clause with which we are at present dealing the bank will be under the liability of redeeming its notes in gold unless the government of the day sees fit to suspend this clause. It would be far better to leave it to the bank to decide at what price they will sell gold.

Mr. BENNETT: I shall not trespass upon the time of the committee at any length; I shall merely point out that subclause 2 provides of course for the present status being maintained, and it is not likely that until the other nations of the world have taken a forward step, the situation in this country will be other than it now is; that is, the condition prevailing in Great Britain and the United States will prevail here. But if we are going to have any form of stability in international exchange, it is quite obvious there must be some common yardstick for measurement, and apparently the only one that has presented itself for serious consideration so far is the gold standard because it has a universal value. I shall not amplify the matter because as it has been discussed so often, it would be very unfair to do so, but the notes are not to be exchanged now in terms of coinage as they were under the existing law. For instance, I can no longer get sovereigns in London. It is within the memory of most of us that in London the sovereign was a common coin to carry in one's pocket, with which one bought and sold goods and did one's business. It is no longer so because the only redemption you could make in London before the gold standard was suspended and after Mr. Churchill passed the law providing for the resumption of the gold standard was in terms of four hundred ounce gold bars.

Mr. MACKENZIE (Vancouver): About $14,000.

Mr. BENNETT: Yes, you had to have $14,000 before you could get gold. That is the case in many countries in the world. It is called the bullion standard because gold coins are no longer necessary for the transaction of domestic business. You do not require $10 or $20 gold pieces to transact business in this country; it is only for external purposes that the gold standard is essential as providing a yardstick which is of universal length or a commodity which for a given quantity of it has a universal value, if I might use those words.

It will be observed that in this bill we have made some reference to the Bank for International Settlements. Canada has a small investment in that bank. It was felt that that bank might be of great service to all the countries of the world, and as a matter of fact it has been very useful. The president of it recently made this statement and I suppose, instead of going into this matter at length I might merely read his statement because it is put with much more authority than my observations would have. He says:

The gold standard is not an end in itself. It is a machinery and a medium for permitting facilitating and enhancing the exchange of goods, capital and services, internally and externally. Hence those who seek the reestablishment of a common standard are not seeking some fetish or intellectual abstraction, but are searching for the better economic welfare which inevitably flows from the increasing movement of goods, services and funds, which presupposes, in turn, some trustworthy measure and medium of value and exchange to enable them to move. There should be no doubt about a general return to gold as the basis for the monetary system. The real question is whether definite steps will be adjourned for some time to come, or whether by common effort or as a result of the patent necessities disclosed by the failure of common effort an early attempt will be made to achieve a general settlement in the monetary and financial fields, thus leading the way to a restoration of the monetary system and to completing economic recovery.

The technique of the gold standard requires and is capable of improvement in its domestic and in its international operation, particularly through the medium of continuous collaboration between the monetary authorities acting to the extent possible through a central agency. Collaboration may be an abstract noun, but it has proved in practice to be a concrete thing when central banks are faced with a specific problem in the financial or monetary field. The endeavour of the Bank for International Settlements shall be to contribute to the restoration of more orderly monetary and financial conditions in the international realm.

That is the position which we take in this new and young country in dealing with problems that older countries have found can best be dealt with in the manner I have indicated. While in my judgment the gold standard is a sine qua non to the restoration of stabilized exchange, it is not an end in itself; it is merely the means by which the end is to be achieved. I trust the committee will realize, as the matter has been discussed so fully in the standing committee as well as in the house on several occasions, the summary which I have given from so eminent an authority as Mr. Fraser is much more valuable than any lengthy explanations that I might offer.

Mr. COOTE: I do not wish to delay the committee, but I think hon. members might be interested in the first two paragraphs of the article to which I referred a moment or two ago; they put the matter in a much more concise way than I could do. This article is sent from London and the first paragraph reads:

The Midland Bank, one of Britain's "big five" banking institutions, and Professor Gustav Cassel, Swedish economist, have issued here two entirely independent statements, which, when taken in conjunction with one another constitute a scathing indictment of the theory still dear to old-fashioned bankers of the indispensability of the gold standard.

The Midland Bank finds that the almost universal resort to currency devaluation since the war has so changed world monetary conditions as to have dethroned gold as a stable measure of value. The conclusion is suggested that for practical purposes a currency off the gold standard is just as capable of being reliable as one that is on.

The concluding paragraph of the article reads:

The arguments of the Midland Bank and of Professor Cassel thus click with one another. The gold standard, the one says, has become unreliable. Germany, says the other, cannot recover until it frees its currency from impossible limitations which that standard has imposed.

Mr. BENNETT: What year was that?

Mr. COOTE: This is very recent, it was in the Monitor just last week. In regard to the statement the Prime Minister read from the Bank for International Settlements, I think those who manage the Bank for International Settlements are interested in continuing the gold standard, because if they cannot the bank might have to undergo a great change if it is to continue as an institution. So perhaps they have an interest to serve. I am not saying that they are not sincere, but it may be that they are influenced by their own interest in making the statement they did in regard to returning to the gold standard. At any rate I think that a

young country like Canada, with very great natural resources, a producer and exporter of primary products to the extent we are, would be foolish to contemplate a return to the gold standard under which our price level and our whole internal economy would be at the mercy of those who manage the world's monetary gold reserves.

Mr. MACKENZIE (Vancouver): I wish to make just one observation in regard to the amendment moved by my hon. friend on the left. I think we must differentiate between the gold standard or gold exchange basis for international settlements and for our internal currency. I think the best economic opinion in the world in recent years, confirmed by various conferences, certainly by the English Macmillan committee, is that a gold basis is not required for internal currency. I do not think that even the twenty-five per cent coverage which was advocated last year by the British Empire section of the world monetary conference—

Mr. BENNETT: No, by the whole conference.

Mr. MACKENZIE (Vancouver):—I do not believe it is necessary. I believe, in the words of the English Macmillan committee, quoting them just from memory, that the world should now gravitate towards a managed currency, managed by men of unchallenged independence. That in my opinion does not require a metallic basis as far as internal currency is concerned. The difficulty is to dissociate our internal currency from our credit in international transactions. Although I am personally and sentimentally in favour of the amendment moved by the hon. member for Macleod (Mr. Coote), I am afraid that the situation concerning it is just like that concerning our tariffs. I am in favour of reduced tariffs all over the world, but I recognize that it may be very difficult for us alone to reduce tariffs when all other nations are maintaining theirs.

Mr. BENNETT: Good! At last!

Mr. MACKENZIE (Vancouver): We are discussing this in a very frank way. So in the same way I do not believe it is feasible for Canada at the present time to get away from gold as a standard of international exchange, although I do believe it is possible for Canada to abolish any metallic coverage whatsoever for her internal currency. The Prime Minister took me to task once when I used that argument; he said it was all a matter of confidence, that if we do away with metallic coverage for our internal currency, thereby we lessen the confidence of other nations in our external credit. I think the proper conclusion is that gold as a basis for internal currency is only justifiable so far as it may assist that mistaken confidence which seems to be associated with gold by other nations of the world. I believe that the day is coming when gold will not be so highly valued as it is to-day as coverage for international currency. I believe that the national credit far transcends gold as a basis for the security of international currency. But I am not prepared at the present time to go the length of the hon. member who moved the amendment, although I do believe that in time gold coverage for internal currency will disappear.

Mr. COOTE: So that there may be no misunderstanding I would like to make it clear that I do not think there is any necessity for gold backing our internal currency. I think gold should be kept for the settlement of our international balances. What we object to is that this bank is to be put under the liability of selling gold at a fixed price to any person applying. That may have the effect at any time of hampering the bank, because too many of its notes may be presented for redemption in gold. I would point out that under section 21 it is provided that:

(1) The bank may
(a) buy and sell gold, silver, nickel and bronze coin and gold and silver bullion;

They have the power to sell gold. We are going to turn over to them all the gold. I think the bank should use that gold to the best advantage for the settlement of our international balances. It should be free to do that, but it should not be compelled to sell it at a fixed price. That would have the effect of placing our whole internal price level at the mercy of the gold-holding countries. That is what I object to, and that is why we are moving this amendment. We think gold should be used for the settlement of international balances, but we do not think that anyone who may be able to secure $14.000 of Bank of Canada note should be able to come and demand from the bank gold at a certain fixed price. We think that is too great a limitation to place upon the bank, if we intend that it should carry out the ideals laid down in the preamble of the bill. It may make it impossible for them to do the very thing that the bank is set up to do, that is to control credit and currency in the best interests of the economic life of the nation. They may have to control it in such a way as to conform to the gold policy of the United States and France, or the United States, France and Great

Britain. That is something that we should avoid. If we are to learn anything from the depression I think one lesson is that we cannot afford to place our internal price structure at the mercy of the gold countries. And we do it through section 25. It is true that the government can from time to time relieve the bank from the necessity of redeeming notes at all, but I say that as the section is drawn it makes the bank liable to redeem its notes in gold the very day it is set up. It seems to me that immediately the bank is set up and commences business the government would have to pass an order in council suspending subsection 1 of this section.

Mr. BENNETT: Just one word, because I should not like the hon. gentleman to leave a false impression on the mind of the committee. In the first place this country is not under the gold standard. Second, this section can only apply when the country is on the gold standard. Third, it will not be on the gold standard until other countries in the world have taken appropriate action in the same sense. Fourth, parliament will have to deal with the question of the value to be given to gold. At the present time the value fixed by statute is $20.67 an ounce, and until such time as parliament takes other action my hon. friend need not worry. There is no chance of any country or any syndicate accumulating notes of the bank and taking away the gold reserve of this country until such time as the nations of the world have arrived at some understanding with respect to the stability of exchange. How can I put the matter more clearly than to say that if a Canadian dollar has behind it 10 cents in gold and a Dutch guilder has behind it 96 cents in gold it is difficult to talk about the free exchange of goods until some stability has been arranged between the currencies of the two countries. And that applies to all the nations of the world. In my judgment the most essential matter to be dealt with at the moment to restore the world to its former prosperity is the stabilization of exchange;—perhaps not the most important but one of the most important of matters. I mention that because it is not intended that this section shall ever become operative until such time as the nations of the world take appropriate action.

Mr. MACKENZIE (Vancouver): Is it not true, at the same time, that if I have $14,000 or the equivalent in notes of the value of gold and decide to purchase a bar of 400 ounces of fine gold, I can get such gold in Bank of Canada notes?

Mr. BENNETT: Quite so, in Bank of Canada notes.

Amendment lost on division.

Mr. MACKENZIE (Vancouver): Before the section carries I should like to ask another question, in regard to paragraph (c) of subsection (3) of section 25. My computation is that there will be about $63,000,000 of securities bearing interest at three per cent per annum, payable half yearly, which will be given as assets to the Bank of Canada on the day it opens for business. The section says:

> to the amount of dominion notes outstanding on that day, except notes issued under the authority of the Finance Act.

I quite realize that we cannot make a computation for six months from now, but as at the present time what would be the amount of securities bearing interest at three per cent which would be given to the bank?

Mr. BENNETT: The hon. gentleman will recall what I said to the house the other day. The present law requires a gold coverage of twenty-five per cent on $50,000,000, which is $12,500,000 of gold. Under the statute of 1915 there were $26,000,000 of notes issued which, with the $12,500,000 totals $38,500,000.

Mr. MACKENZIE (Vancouver): That $26,000,000 was covered by railway securities.

Mr. BENNETT: The hon. gentleman knows what they are. Taking the difference between $50,000,000 and $12,500,000, which is $37,500,000, with the $26,000,000, we have a total of $63,500,000 outstanding. Of course that will be increased by the enactment of the legislation I submitted to the house the other day, which contemplates an increase in the issue of dominion notes pending the coming into operation of this act.

Mr. MACKENZIE (Vancouver): Let us assume that the figure would be roughly $63,000,000 of securities bearing interest at three per cent. Roughly speaking the annual interest would amount to $1,800,000. How would that be charged? Would it be charged against the profits of the Bank of Canada or would it be paid out of the ordinary consolidated revenue fund?

Mr. BENNETT: Of course as a matter of bookkeeping the hon. gentleman realizes it will be paid out of the consolidated revenue fund, but will come back to the Dominion of Canada under this act.

Mr. MACKENZIE (Vancouver): But that should be charged against the bank before any dividends are paid. The taxpayer should not

be asked to pay an interest charge of $1,800,000. My own opinion is that the value of the securities will appreciate so rapidly that any charge of this kind should be a charge against the operations of the bank for that year.

Mr. BENNETT: The question can only arise as a matter of bookkeeping, because unless the bank earned $225,000, which is a very small sum in view of the operations of the bank, I should think no directors would be disposed to pass the necessary resolution and no governor would be disposed to give it his approval unless the earnings were beyond the interest on the securities to which the hon. gentleman has referred. It is a matter about which we have had some discussion, but I think the hon. gentleman will realize that it would be rather difficult adequately to express the suggestion he has made in terms of a bill. I think we will have to depend largely upon the sound business sense of those in charge of the affairs of the bank who, I am sure, would not be disposed to pay four and a half per cent to the shareholders until such time as the earnings of the bank were equivalent to such sum exclusive of the matters to which my hon. friend has referred.

Mr. MACKENZIE (Vancouver): Then I have one further question. It should, perhaps, come up under section 30, but I might discuss it under paragraph (a) of subsection (3), which refers to gold held by the minister for redemption of dominion notes. Under this legislation we are transferring from the banks to the Bank of Canada $40,000,000 of gold, roughly speaking. Under section 30 there is a provision whereby the increased valuation may be given the banks in regard to an unspecified proportion of the $40,000,000 if the governor in council is satisfied that the said gold at the time of the transfer was being held by a chartered bank against liabilities elsewhere than in Canada. In such case the said profit is to belong to the chartered bank. We are taking the $40,000,000 from the chartered banks at the present valuation of $20.67 per ounce. An unstated proportion of that amount of gold will be reimbursed to the chartered banks at the present valuation if the governor in council is satisfied that this proportion is required for external obligations.

My point is this: I think it is practically an impossibility for the governor in council or any other body to determine what that percentage is going to be. I remember asking some of the bankers, in the committee on banking and commerce, if they could predetermine any definite percentage, and they said they could not do so. I think it places a very dangerous responsibility upon any governor in council who happen to be in power to have to determine, by just one stroke of the pen, how much of the difference between $35 an ounce and $20.67 an ounce the chartered banks should receive as a result of a portion of their gold reserves being used for external obligations. I think in the interests of the governor in council, whoever they may be, this is a very far-reaching power, and the discretion might become dangerous. I do not know what the remedy is. The banks say they cannot decide; they say they need the whole $40,000,000 for external purposes. I do not agree with that for a moment, but I do submit that the Prime Minister is going to find it very difficult indeed, and possibly fraught with very grave consequences, to have to determine the amount of gold used for external obligations and the amount used for internal purposes.

Mr. BENNETT: When we reach section 30 I will discuss that point.

Mr. COOTE: I should like to ask a question with regard to subsections (1) and (2). When the act is declared will not this act override the order in council which now relieves the receiver general from the responsibility of redeeming notes in gold, and will a further order in council be passed immediately as provided for under subsection (2)?

Mr. BENNETT: Undoubtedly the hon. gentleman is quite correct. When the act is proclaimed, at the same time an order in council will be passed continuing the order in council now applying to dominion notes, under the provisions of this particular section.

Section agreed to.

On section 26—Reserves.

Mr. REID: I have a few remarks to make in regard to subsection (4). At this time it is not my intention to cover all the ground that has been covered already with regard to silver, but I cannot allow this subsection to pass without comment while it includes the word "never". So I have an amendment to propose. I think it was generally understood on this side of the house the other evening that once the central bank is set up the initiative will come from the bank itself and not from the government. Here, in subsection 4, we have a mandatory clause which prohibits the bank from purchasing more than 1,671,802 ounces of silver in any year. I will send a copy of my amendment across to the Prime Minister. It is interesting to draw the attention of the committee to what transpired in July, 1933, at the London mone-

tary and economic conference. The question of gold and the practical return to gold came up at that time. The lead in connection with silver was taken by the United States and, as was stated by Senator King of the United States, upon his return they were side-tracked, and their resolution was gerrymandered and split in two.

At the present time the President of the United States is in my opinion making an attempt to redistribute gold. I have for my authority the words of Sir Arthur Salter who says in effect that that might be the effect of the United States purchasing so much silver. At the present time we have in Canada no gold coverage for domestic currency. As everyone knows, we have at the present time fiat money. It is true that probably a world agreement would be necessary before we could adopt bimetalism, and at the present time I am not advocating a return to bimetalism. At the monetary conference in London Canada agreed to purchase 1,671,802 ounces per year. The United States agreed to purchase 24,000,000 ounces per year, but she has now gone farther and has agreed to purchase up to 25 per cent of her monetary reserves, which will mean probably an increased purchase of one and a half to two billion ounces of silver. In spite of the covenant with the United States in this regard we are placing in this bill a mandatory clause saying that the bank shall never purchase more than our allotment agreed to in London. Personally I think this is a slap in the face so far as the United States is concerned.

I am not asking that we should go on to bimetalism at the present time. We took a step in the right direction when we agreed to purchase over one million ounces yearly, but to prohibit the banks from purchasing more is a slap in the face so far as the United States is concerned. We are saying to that country, "You can do what you like about your monetary affairs and your plan to distribute gold." I would ask the Prime Minister this question: How is it possible to redistribute the present gold reserves of the world? No one can tell. No economist or financier can tell how the stock of gold, three-quarters of the world's supply of which is held by France and the United States, can again be redistributed. It is the consensus of opinion of those who have studied the matter that President Roosevelt is at least making some effort towards this end, and it may be that through his efforts gold will again be redistributed. We could very well use silver in this country as coverage for our domestic uses. No country would stand to gain more than Canada by such a use of silver. We produce annually between 18,000,000 and 24,000,000 ounces of silver. In the late years the price has been too low to further the production of silver, but if it goes to sixty cents an ounce, as it shows every likelihood of doing, the industry will give employment to thousands of citizens, and especially would that be true in British Columbia.

I think the Prime Minister should consider taking out the word "never"; it should not be there. It is not fair to have that word in the act. The amendment which I have sent to you, Mr. Chairman, would make the clause read as follows:

> The bank shall during the years 1935, 1936 and 1937 purchase and hold of newly-mined Canadian silver, as agreed to by Canada at the London monetary and economic conference, all such silver as the minister shall require.

I think that is a fair amendment. It is not mandatory and at least it carries out the agreement made at the conference. If the government were so minded instructions could be issued to the bank to purchase more silver.

Mr. BENNETT: The hon. gentleman makes the mistake which is not unusual even to those who have given as much study as he has to this matter. He is confusing the bank with the government. The United States government is doing the purchasing of silver. There is nothing in this legislation to prevent our government from buying silver. This bill deals only with the bank. If the hon. gentleman would take the trouble to differentiate between the two he would not have made the error he has now made.

When the other day I introduced the bill dealing with the issue of dominion notes I pointed out that we proposed to buy in the year 1934 a supply of silver in the manner indicated in that measure. For the years 1935, 1936 and 1937 we have placed the responsibility for the purchase of it upon the central bank. As the bank succeeds to the custody of the gold and silver now held by the government, and I may point out that we have five or six years' silver now in hand for ordinary monetary purposes, we did not feel we would be fair to the bank if we required it to purchase beyond 1,671,802 fine ounces in any of the years I have indicated. If, as a matter of national policy, the government decides to buy silver, as congress has authorized the president to do, that is a matter for the future. The purchases, I should think it is only fair to say, will proceed in the United States by the government of the United States. The total

purchases under the proposals before congress would amount to something less than 1,700,000,000 ounces. But the whole situation in connection with silver turns not upon the action of the government of the United States nor of the government of Canada. India holds the key to the silver situation. This is a matter which was discussed at some length in London and the agreement arrived at was not easy of conclusion. It represents the best arrangement the nations of the world were prepared to make, having regard to the conditions with respect to silver and the very large quantities of silver held by India. Those quantities are administered, really, by one commissioner, and are tremendous. They are so great that if the price of silver were to rise, as has been suggested, the effort to sell on the part of India would be so great as inevitably to produce a very great reduction in the price.

Mr. REID: I think I am right when I say that India has agreed to sell not more than so many million ounces.

Mr. BENNETT: Under this agreement; that is the reason it is here.

Mr. REID: She has agreed not to sell it?

Mr. BENNETT: Yes.

Mr. REID: And in regard to the stocks held in Canada, it is a matter of comment, and rather strange that we hold the smallest stock of silver. Our whole stock amounts to only 2,000,000 ounces. That is all that the stock of silver in Canada amounts to, despite the fact that we are the third largest silver producing country in the world. Yet we are holding only one year's agreement.

Mr. BENNETT: One what?

Mr. REID: The information given me is at the present time we are holding 2,254,000 ounces of silver, and that the silver we have been using during the past three years has come from worn out coins. We have taken the pure silver from the worn out coins, after melting them down, and have debased them from 900 to 800 fine. Why was the word "never" put in the clause? Why was such a restriction put in there, in order to keep the bank from purchasing more silver?

Mr. BENNETT: The word "never" is probably an undesirable word to use in a statute, but it was put in this bill for a definite purpose, namely to prevent false hopes being created in the hearts of those who might be concerned. During the currency of the world's agreement it will be observed by the hon. gentleman that everything depends upon the agreement being kept. And India, being the key to the situation and having agreed as she did agree, we have added these words to indicate what our position will be, because we will have more silver than we will know just what to do with. That is the position. We have 2,000,000 ounces now, and we are buying substantially about 1,700,000 ounces a year. We have transferred that obligation to the bank. That is for the reason that we cannot contemplate this bank loading itself up with that silver. The government might do it; we might pass a statute to do it, but we are not going to place the bank in that false position. It will be observed that the legislation does not contemplate the central reserve bank buying the silver; it is the government that buys it; and if this parliament in its wisdom desires at a later date to pass a statute providing for the government purchasing silver, this will not stand in the way of it. If the time ever comes when the word "never" should be removed in respect to the bank, of course it will be a simple thing to do that.

Amendment negatived, on division.

Section agreed to.

On section 27—Reserve to be maintained by chartered banks.

Mr. COOTE: There is an important amendment in subsection 1 of section 27. As originally brought down the section, then numbered 26, provided:

> Every chartered bank shall on and after the day when the bank is authorized to commence business, maintain deposits with the bank which shall always be equal to five per centum of its deposit liabilities within Canada.

Subsection 1 of section 27 now reads:

> Every chartered bank shall on and after the day on which the bank is authorized to commence business maintain a reserve of not less than five per centum of its deposit liabilities within Canada ...

The words to which I wish to call attention particularly are the following, which appear in italics:

> ... and such reserve consist of a deposit with the bank and of notes of the bank held by such bank.

The change made would allow the five per cent to be composed partly of notes of the Bank of Canada held by the chartered banks and the balance held on deposit. It seems to me that if there is any necessity of requiring the chartered banks to hold a deposit with the Bank of Canada, the central bank, certainly five per cent is small enough, and I submit that this change that has been made in the bill is in a sense destroying the value

of the section. It is through the operation of this subsection, or partly through it, that the central bank can control to some extent the amount of credit issued. It is one of those measures which give the central bank control.

Mr. BENNETT: Will the hon. member explain how the chartered banks could thus control credit?

Mr. COOTE: When the chartered banks are extending credit, because of that they increase their deposits and as their deposit liabilities increase—their own liabilities—they must increase their deposit with the central bank. I do not know what amount of notes the banks will carry, but after their own note issue privilege is practically discontinued, after a period of years, they might carry practically the whole of the five per cent in notes of the Bank of Canada. I think the change made weakens the position of the central bank, and that the original provision which required the chartered banks to carry five per cent on deposit is not too much. In order to bring the matter properly before the committee I move that section 27 be amended by striking out subsection 1 and substituting therefor the following:

> Every chartered bank shall on and after the day when the bank is authorized to commence business, maintain deposits with the bank of not less than five per centum of its deposit liabilities within Canada.

Some students with whom I have discussed the matter think that five per cent is too small, that the banks might be required to carry even more than that. I do not think the bill as it stood originally required too large a deposit from the chartered banks. The present provision is really not adequate and I think we ought to substitute for it the section contained in the original bill.

Mr. MACKENZIE (Vancouver): I thoroughly agree with the hon. member for Macleod. He may recall that I drew the attention of the banking and commerce committee to this very section, and the protest I made was that it was moved practically at the eleventh hour of the proceedings of the committee, and without notice. We are all aware that the chartered banks were very much opposed to this provision for a five per cent deposit. It is a matter of judgment as between two principles, which are these. The first question is: Does the Bank of Canada require a five per cent deposit from the chartered banks of Canada for its proper and adequate functioning? The second question is: Will the deposit of five per cent work such an injury on any one of the chartered banks that it cannot function or carry on? I am rather inclined to agree with the hon. member, that the Bank of Canada will need a five per cent deposit from the chartered banks to enable it to function as it should. On the other hand, my information has been that in the case of one or two of the chartered banks the section as previously worded might work a very distinct hardship, and in considering the proposed amendment it is a matter of judgment as between these two principles. Personally I am in favour of the amendment. I believe the banks can deposit their five per cent without taking into consideration notes of the Bank of Canada, which will be in the various tills of the chartered banks as they continue to operate and function.

Mr. BENNETT: The provisions of the section to which the hon. member for Macleod has directed attention are of course very important. May I point out that this section compels the banks of Canada to deposit with the central bank, as the hon. gentleman says, approximately five per cent of their deposit liabilities.

Mr. MACKENZIE (Vancouver): One hundred millions altogether.

Mr. BENNETT: That means that the banks in Canada will pay into the central bank about one hundred million dollars. That money may represent in part money on which they are paying interest. They are getting nothing for it; they get no interest on this one hundred millions, which is held by the central bank as a depository for the reserve liability of the chartered banks. When the matter came under consideration by the minister, on the state of facts disclosed from an examination of the returns, it was found that the chartered banks of Canada had been maintaining large quantities of money as till money, that is, bank notes which were held in their vaults but which were not in use—their own notes which were not in use until such time as they were put across the counter. The till money of some of the banks amounted to as high as $15,000,000. The law requires the banks to hold forty per cent of whatever cash reserves they have in Dominion of Canada bills. The other day on inquiry I found that one of the chartered banks had $40,000,000 of Dominion of Canada notes; another had, if I remember correctly, $38,000,000; and—I speak subject to correction—another had $21,000,000. It has always been of the utmost importance, so far as we are concerned, that the position of the chartered banks with relation to Dominion of Canada

notes should be such as would ensure the circulation of this form of national credit. I will put it that way. Confronted with this situation the banks say: No other central bank bill undertook to impose upon us an absolute percentage which we had to maintain. They contended that in this country there had been averages which indicated that five per cent was reasonable. They do not complain of that but they say: If you put us in default if we drop below five per cent for a day, it will have a very serious effect upon our general position. Therefore, we have arrived at the conclusion which is indicated in this bill by which five per cent is to be maintained by the banks in Bank of Canada notes as a reserve for their deposits, but part of that money is to be on deposit with the central bank as a working balance which they may change from day to day by additions and deductions and by deposits and cheques against the balance. This is a great convenience to the banks and it cannot be said to be detrimental to this country at the moment. It enables a condition which is new to this country to be met by a method which will not be harmful to the principle or be a serious departure from the principle that the reserves of the chartered banks shall be held in deposits in the central bank or by the notes of the central bank. The regulations will take proper care of this situation. I quite appreciate the criticism made by the hon. member for Vancouver Centre (Mr. Mackenzie) but it must not be forgotten that the banks feel that this section added to the provisions of another section treats them very cruelly. I think this is an accommodation to meet the difficulties and they will not have the same complaint as they previously had in connection with the unfair treatment accorded by this bill.

Mr. MACKENZIE (Vancouver): Does the Prime Minister feel the section as now drawn gives ample security to the Bank of Canada?

Mr. BENNETT: I am satisfied that for the transition period between the old and new regime, it will be ample. I might say to the hon. gentleman who is a Scotchman that the chartered banks of England maintain about ten or ten and a half per cent but it may amaze him to know that on the average the holdings are only six per cent of Bank of England notes, the balance being on deposit with the Bank of England. It seems to me that we are meeting the situation in the way which the larger experience of Great Britain has enabled them to meet a similar situation.

[Mr. Bennett.]

Mr. SPENCER: The banks must hold some forty per cent of their reserve in dominion notes but I do not believe there is anything in the Bank Act to say what that reserve should be. Do I understand that the five per cent which the banks must have with the Bank of Canada or in their tills must be in Bank of Canada notes?

Mr. BENNETT: No. As the hon. gentleman will note from the section there will be a determination by the banks from time to time. The banks may buy notes and hold them apart from what is held in their tills, but the deposits they will have to make will be deposits in ordinary business. They must have working balances and they cannot have working balances unless there are accretions of fresh deposits to meet withdrawals. They must have working balances to meet the varied demands of business from day to day.

Mr. MACKENZIE (Vancouver): Just like deposits under the Bank Act?

Mr. BENNETT: Exactly, over and above the minimum. In matters of this kind it has been found in practice that the working balances and the deposits are usually well above the statutory minimum.

Mr. COOTE: Would the amount of dominion notes now carried by the banks be more than five per cent of their deposit liabilities? If that is so we are really not compelling them to hold any greater reserve than what they hold at the present time.

Mr. BENNETT: The figures for April 30, 1934, show the dominion notes held by all banks as totalling $128,540,497 against assets of $2,831,000,000 and total deposits of about $2,000,000,000. The latter figure is not given in a separate column and it would be necessary to add the four columns.

Mr. COOTE: At any rate their holding of dominion notes is more than five per cent of the deposits?

Mr. BENNETT: Slightly more.

Mr. SPENCER: I take it that most of the Dominion notes now held by the banks are in the form of large legals which are used for settling accounts between themselves. Under this bill they will not use those but will simply give cheques on the Bank of Canada.

Mr. BENNETT: I thank the hon. gentleman for directing attention to that fact. A great proportion of the Dominion of Canada notes held by the banks is not a medium of circulation, it consists of counters for the purpose of making transactions between the banks through the clearing house.

Mr. MACKENZIE (Vancouver): In large denominations.

Mr. BENNETT: As a matter of fact they are just counters of $50,000 or $100,000. In view of the fact that this bill contemplates the steady diminution of the power of issue by the chartered banks and the placing in circulation of increasing quantities of Bank of Canada notes, I think the hon. gentleman will see that in practice it will work out much more satisfactorily for credit purposes.

Mr. POULIOT: I have listened with a great deal of attention to what was said by hon. members who have spoken and by the Prime Minister himself. I have received the impression that this is an academic debate on banking as everyone has spoken about the theory of banking. This section refers to the deposit liabilities of the chartered banks. If hon. members will look at the reports published monthly in the Canada Gazette they will see that the deposits in the chartered banks have been increasing since 1930. There is no lack of money, in fact there is more than there was in 1930. The trouble is the lack of circulation of that money. People who have money in the banks keep it there. They feel secure and they will not invest it in different concerns. The confidence of this country has not been restored and people are still keeping their deposits in the banks. What is needed now is the circulation of money; the people should be taught to put their money to other uses and to invest it in order to give work to people. There is a phrase used in a drama known to many hon. members to the effect that business is other people's money. I cannot find anything in this bill which will increase the circulation of money. The role of this central bank should be to activate the circulation of money. It should be like a policeman trying to get people to move on in a jammed street. I cannot find that this bill is going to do that, and I cannot see what use it will be. It is simply another complication; it is simply some more legislation, the same as the amalgamation of railways which is coming shortly. There is amalgamation of everything; everything is centralized and I do not see the use of this bill if it is not to activate the circulation of money which is deposited in huge quantities in the chartered banks of Canada. Trade can be restored and money will circulate when there is more confidence throughout this country, but as long as people are afraid to make any investments the money will stay in the banks and there will be no improvement of trade. Therefore this legislation should be considered from not only a theoretical but a practical point of view. This is the main point. What is the use of having immense numbers, libraries, of statute books? What does this mean to the common people? They want work and to be paid for the work they do. They want the money to go around from one to another and come to the banks in smaller deposits. When this is done it will be a great benefit to the country, but I do not see anything practical in this bill.

Mr. MACKENZIE (Vancouver): I should like to say a word with regard to one of the points brought forward by my hon. friend. I am not at all agreeing with his general statement. There is a tremendous possibility in this legislation for expansion of credit. In the first place it will take over the gold held by the Minister of Finance for redemption of dominion notes and amounting to about $70,000,000. The appreciated value of this as taken over by this legislation will amount to about $117,000,000.

Mr. BENNETT: Roughly $120,000,000.

Mr. MACKENZIE (Vancouver): In the second place, we are taking over that portion of the chartered banks' gold which is not required for external obligations, and that will amount to another $60,000,000, so that provided the present value keeps up, the bank will have a gold value of about $177,000,000. Under the flexible provision of twenty-five per cent metallic coverage, one can imagine the power for expansion given thereby. We did not have any such power under the previous legislation, even under the Finance Act.

Mr. POULIOT: I admire the learning of the hon. member for Vancouver Centre, but it is not illuminating. I know no more now than I did before and I have been listening to him very carefully. He speaks about a tremendous value of millions of dollars and all that sort of thing. That is not the point; it is that a man should have an opportunity to be paid for some work at three, four or five dollars a day. That would mean more for him than hearing about millions of dollars. My hon. friend spoke in a very learned manner and I am always pleased to listen to him, but as I said, I know no more now than I did before he spoke.

Amendment (Mr. Coote) negatived on division.

Section agreed to on division.

Sections 28 and 29 agreed to.

On section 30—Disposition of profits from sales.

Mr. BENNETT: The hon. member for Vancouver Centre has directed attention to the difficulty that will arise in making a division under this clause of profits resulting from the sale by the bank of gold coin and bullion transferred to it pursuant to the provisions of clauses 25 and 28. I do not for a single minute minimize the difficulty, but to state in this bill an exact figure would be unfair to this bank as it would be unfair to the chartered banks. Some of the banks have external liabilities that are still liabilities in terms of gold. The banks have some foreign liabilities which it is unnecessary to say to this committee have, by the action of the legislatures of those countries, no longer to be met in terms of gold. For instance, the decision of the House of Lords in one case greatly increases the liabilities as it was indicated by a decision of the court of appeal when we were discussing the matter here in the early months of the year. The question whether certain liabilities in the United States in terms of securities are to be met in a particular way or by what would be the equivalent of the value of the gold at the time is still unsettled. Then of course we do not disguise the fact that we have in this country a few questions in that regard that are not yet settled, for instance in connection with some few people who in 1933 declined to accept other payment of their bonds that fell due and demanded that they should be paid in gold. There are very few of them, but now and then we have seen such cases in the newspapers; the amount is not large. That, however, does not touch the external side of the matter. I appreciate that this places upon the governor in council a substantial responsibility, but it is one that must be taken with respect to many of these matters. I should say, speaking antecedent to the occasion arising, it must be the subject matter of discussion, agreement and arrangement based upon such expert knowledge applied to the facts as will enable a reasonable disposition to be made of the matter in the light of the monetary value attaching to the external liabilities in terms of gold. That is all that can reasonably be said about the matter.

Mr. MACKENZIE (Vancouver): This places a tremendous responsibility upon the governor in council. I would suggest the insertion of some provision such as "upon report by the deputy minister" or "upon report by the inspector general," to get somebody responsible for the disposition.

[Mr. Pouliot.]

Mr. BENNETT: No action on such a clause as this is taken by council except on a report of the Minister of Finance, and usually it has been the custom, grown up in recent years, that the Minister of Finance makes the submission and he says that this course is recommended by—indicating, as the hon. gentleman has said, the deputy minister and sometimes others as well. I can assure the hon. member that so far as the present governor in council is concerned, the responsibility will not be lightly exercised or too readily undertaken without having clear knowledge of what is involved as a result of it.

Section agreed to.

Sections 31 to 43 inclusive agreed to.

Schedules A, B and C agreed to.

Certificate agreed to.

On the preamble.

Mr. BENNETT: The preamble did not carry; there was some discussion on it before.

Mr. SPENCER: Before the preamble passes I wish to move an amendment. I appreciate that the preamble as it stands is nearly all-embracing, but not quite. It is drawn with considerable care but I do not think it fully covers our needs. I wish to remind the committee that since the war we have paid out, I think, about $1,900,000,000 in interest in this country; our interest burden has increased eleven times during the last twenty years. For that reason I wish to move the following amendment to the preamble:

That the preamble of Bill No. 19 be amended by inserting after the word "Canada" in the second line the words: "to make use of the national credit at cost and."

The preamble will then read as follows:

Whereas it is desirable to establish a central bank in Canada to make use of the national credit at cost and to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of the Dominion: Therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

I trust the committee will give this their best consideration, as it is in the best interests of Canada.

Mr. POULIOT: Mr. Chairman, before you submit this amendment, may I say that while those debts are spoken of only as liabilities, in fact they are also assets. As has already been said here, if the Dominion of Canada owes $2,500,000,000 that is its national debt, but that debt is an asset of those who hold Canadian bonds; therefore it must be considered in both aspects. When we speak of the debt we must have in mind also that the bonds representing it are assets of the people who hold them and constitute a large part of the wealth of this country. The matter must not be considered from the passive angle only, but also from the active. I shall not enlarge any further upon it; I merely wish to bring to the attention of the committee the fact that in this matter there is on one side a debtor and on the other side a creditor. Large amounts of Canadian bonds, national, provincial and municipal, are held by Canadians, and they are the wealth of those people, who live on the income derived from them. The matter must be considered from that angle as well.

Amendment (Mr. Spencer) negatived on division.

Preamble agreed to on division.

Bill reported.

Mr. BENNETT: If the house would agree, as the Senate meets to-morrow I should like to move the third reading.

Mr. MACKENZIE (Vancouver): I am sorry, but it is our intention to move an amendment on the third reading of this measure; I think the hon. member for Shelburne-Yarmouth (Mr. Ralston) is to move it to-morrow.

DOMINION NOTES ACT

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 110, to amend the Dominion Notes Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

On section 1—Amount held as security for redemption.

Mr. MACKENZIE (Vancouver): The second section of the bill provides for repeal of the Dominion Notes Act on a day to be proclaimed, and the first section for repeal of section 5 of the old Dominion Notes Act, which provided for a note issue of $50,000,000, and increases the amount to $120,000,000. It is not necessary to add much to the very comprehensive review of the dominion notes situation given by the Prime Minister (Mr. Bennett) the other day. Briefly, before confederation the provinces of Canada then in existence had their several note issues. These were taken over by the dominion authority in 1867. The principle underlying our dominion note issue and also those of the provinces was that there should be a partial gold coverage up to a certain amount, and beyond that limit the coverage should be one hundred cents on the dollar. The other day the Prime Minister referred to the fact that under this legislation there would be a possible total note issue of $223,000,000 odd. I presume that was made up as follows: Total notes $120,000,000; twenty-five per cent of gold $30,000,000, and the total gold left of the $117,000,000 at the appreciated valuation, $87,000,000 odd; this would be $120,000,000 plus $87,000,000, or $207,000,000, and with the $16,000,000 odd already covered by securities makes the total of $223,000,000.

Speaking for myself, I am pleased indeed that the Prime Minister has introduced this legislation. I can only regret that it was not introduced over three years ago. Hon. gentlemen opposite may recall that at least a few of us on this side did advocate three or four years ago the introduction of precisely such legislation. They may recall that when the Dominion Notes Act was passed in the first place the amount issued was not $50,000,000 but $30,000,000, which was subsequently increased to $50,000,000 and in 1915 by a further $26,000,000. In two years there was a total increase in the note issue of Canada of $46,000,000. Now under this legislation according to the Prime Minister there is a possible increase of $52,000.000 odd, the difference between the present note issue of $171,000,000 and what he calls the possible note issue under this legislation, of $223,000,000. I do not agree exactly with the Prime Minister that this legislation is made possible by the appreciation in the value of gold. According to his own figures, taking our present Finance Act, $69,000,000 in gold at a valuation of $20.67 an ounce would give a coverage of thirty-one per cent even for the contingent note issue of $223,000,000. In my judgment thirty-one per cent is more than ample to cover our internal note issue circulation. I think twenty-five per cent was fixed last year as a sufficient coverage. Under the increased valuation of the Finance Act, according to the figures given the other day the gold which will then be available during the transition period before the Bank of Canada commences business will be 52½ per cent of this note issue of $223,000,000. My

only complaint in that regard, Mr. Chairman, is that the increase should be far greater than it is. Instead of increasing it from $50,000,000 to $120,000,000 I think on any scientific basis the Prime Minister or any government would be entitled to increase the note issue of Canada to-day much more than is being done at the present time. I think an increase of $100,000,000 or more would be absolutely justified. I recall that three or four years ago the English Macmillan committee established a different scientific basis. They said it was a safe basis for any nation to issue notes to the extent of one-fifth the total bank deposits, which in Canada would result in a note issue of about $400,000,000 as against $171,000,000 at the present time. On the other hand I think that when the Bank of Canada is constituted, with its more elastic and flexible provisions, with the appreciated gold taken from the banks and from the Finance department totalling perhaps $177,000,000, the note issue powers of the bank are going to be simply tremendous.

I am not criticizing the details of this bill; I am criticizing two particulars of it. In the first place I am complaining because this was not done three or four years ago, and my second complaint is that the note issue is not more substantial. With regard to financing public works by the issue of credit, I am entirely in favour of that so long as that issue of credit is made on the basis of security, so long as it is not uncontrolled inflation. The Prime Minister mentioned the appreciated value of gold, and he also mentioned the resolution of the London conference of last year. In my judgment neither of these arguments is required to justify this present legislation.

Another submission I want to make to the right hon. gentleman is this: When we come to receive the appreciated value of the gold which we are taking over from the banks we should consider that an asset which belongs to the people of Canada. It should not be used for the temporary financing of public works or anything of the kind; it should be used only for the reduction of our national debt. I am in favour of these two principles, first applying the appreciation in the value of gold to the reduction of the national debt, and second the principle of financing public works by the direct issue of currency instead of placing great interest obligations upon our shoulders for years to come. With these reservations, Mr. Chairman, I want to commend the legislation introduced by the Prime Minister.

[Mr. I. Mackenzie.]

Mr. MOTHERWELL: I have always been greatly interested in this question of note issue or, as we sometimes call it, controlled inflation. I have never been able to get at the bottom of the difference between the advocacy of the hon. member for Vancouver Centre (Mr. Mackenzie) and that of the hon. member for Macleod (Mr. Coote), and the present attitude of the government. Until last year the hon. member for Macleod advocated inflation without the significant word "controlled" before it, according to my memory. The hon. member for Vancouver Centre seemed to want it about what it is in this bill—a certain measure of controlled inflation. As a beginner in these matters economic and financial I want to know why the government can do this thing now, with the apparent approval of almost everyone, when the government could not do it when we needed it so badly, three years ago.

The economic conference seems to have given its O.K. to this. What had they to do with our business? Could we not have done it without waiting these interminable two or three years? As a farmer I know what it meant to us two or three years ago and less in promoting low farm prices. I do not pretend to be any authority on monetary matters, but I know what hurts and what does not hurt, what helps and what does not help the farmer to get a proper price for his product. Without knowing a quarter as much as he does I feel as the hon. member for Vancouver Centre feels, but I want to know why this measure was delayed so long and why we had to wait until the economic conference told us to go ahead. This is about the only thing they did tell us, so far as I recall, except the wheat agreement, which is not much good, if any. Why did we wait so long, and what circumstances prevail now which justify this measure to-day but which did not justify it previously? That is what I should like to get at.

Mr. COOTE: Since the hon. member for Melville (Mr. Motherwell) has mentioned my name I must say, almost as a matter of privilege, that I have never, in this house or any other place, advocated uncontrolled inflation.

Mr. MOTHERWELL: You did not mention "uncontrolled."

Mr. COOTE: I should like to make that very plain. If the hon. gentleman doubts that he can look at any speech I have made in this house.

Mr. MOTHERWELL: I do not want to do my hon. friend any injustice at all, because

I think he was the pioneer in advocating inflation. But I never detected the word "controlled" in his remarks, though last year he went out of his way to shove it right to the front. If I am wrong I should be delighted to have my hon. friend correct me.

Mr. COOTE: If the hon. gentleman would do me the honour of reading the first speech on the subject I made in this house he would see that the word "inflation" does not occur in it at all. I protested against the deflation which has taken place, and I suggested that Canada should abandon the gold standard and allow her dollar to depreciate in outside countries. In other words I suggested that we should devalue our dollar, and I should like to make that plain. I have never advocated uncontrolled inflation; I believe in controlling the economic forces that we use in our daily life. When I protest against deflation someone always reads into my remarks that I want uncontrolled inflation. Of course I have been accused of wanting to use the printing press, but I suggest that this is what the Prime Minister is going to do. He is going to print more dominion notes with practically the same amount of gold we have had in the treasury for the last few years. We might as well have had these notes printed three or four years ago; we might even have had a few more. It would not have been more dangerous then than it is now, and it would have been a great deal of help. That $40,000,000 might have been working all these years at the increased velocity suggested this afternoon by the hon. member for Témiscouata (Mr. Pouliot), because unfortunately in studying economics we find that when the quantity of money is reduced the velocity of its circulation always slows down.

Mr. POULIOT: Since my name has been mentioned I should like to ask the hon. gentleman a question. He has said that he favours controlled inflation. Would he be good enough to tell the house what is the limit of controlled inflation?

Mr. COOTE: At the moment I was not even advocating controlled inflation. I would suggest to the hon. member that what we are getting now is a little bit of inflation. The quantity of money which is moving about and serving the public is greatly restricted, and I congratulate the Prime Minister on taking this step to put more money into circulation. I want to congratulate the Prime Minister for using this money to construct public works in order to provide employment, instead of giving people the dole. May I say that I agree with the hon. member for Vancouver Centre when he says this measure is several years late. We are now in the fourth year of deflation, and we should have taken steps of this kind long ago, though it is better late than never. This is a very feeble, short step. As I remember it, speaking from memory and using approximate figures, the gold held by the government itself is in the neighbourhood of $70,000,000. Using the very basis which the Prime Minister says was suggested by the world conference as quite adequate, the twenty-five per cent gold reserve, we could issue $280,000,000 of dominion notes. That would be quite safe and quite in keeping with the canons of sound finance, whatever that may be. I understand we have about $170,000,000 in dominion notes now outstanding, so we might safely issue another $110,000,000. If we are going to issue $40,000,000, and if we have decided it is quite proper to adopt this new basis of gold coverage, I should like to suggest to the Prime Minister that he could go at least to the extent of $100,000,000. May I also point out to the house that gold now commands a much higher value. I think it is about seventy per cent higher than it is valued under our currency act. So we could increase by seventy per cent the gold basis for the issue of notes, which would bring the amount of gold at the new valuation to about $119,000,000. And if you used that as a basis for an issue with twenty-five per cent gold coverage you could issue notes up to $470,000,000, and still be financially sound.

Mr. MORAND: How would you control your coincident increase in credit which naturally follows from putting this much into circulation?

Mr. COOTE: Control it through the central bank. If the central bank is given adequate powers it could control the situation. As I suggested this afternoon, the reserves which the banks must carry are not sufficient. The central bank could easily control if we gave it the power to require the chartered banks to carry with it a certain percentage of their deposit liabilities, as a deposit in the central bank, give the central bank power to vary the percentage of such deposit and they can prevent too great inflation of bank credit. At the moment there is no danger of that, because there are not enough people whose credit is good who will assume the responsibility of borrowing from the bank. So we are not liable to have any inflation of bank credit from that.

I do not wish to speak at length, except to say that I believe the Prime Minister is taking a step in the right direction and that I regret

he has not gone farther. I suggest that he should go farther. I am not suggesting that he must go as far as is possible under the new valuation of gold, but let us have enough of these dominion notes issued to finance a worth while program of public works. Public works may be considered as an asset and not a liability, and they are a very good asset on which we could issue new money. That is, there is an asset which justifies the issue of new money, as well as having twenty-five per cent gold reserve behind it. But so far as the other seventy-five per cent is concerned, we would have useful public works behind it, and I believe that would be a very good basis on which to issue money.

I am very glad the Prime Minister has taken this step, but I should be pleased if before the legislation is finally passed he would consent to go a little farther.

Mr. MOTHERWELL: Before the Prime Minister answers I should like to state some of my dilemmas. It was always contended two or three years ago that by issuing these additional notes with the same coverage we would have given that much more currency to put into circulation for business requirements—not for a building program, but just so that we might have it available so that any of us might get it for the ordinary running of our businesses. I never could see that. I have no brief for the Prime Minister. It was, I repeat, a matter of issuing such additional notes so that notes would be available for all and sundry businesses, when there was all kinds of money already available in the banks. It certainly was not a question of the availability of larger amounts of currency in order to do a larger business. The money was there in abundance in the bank all the time. We did not need any more currency then to do our business. It needed even less currency then because there was less business being done; therefore less currency would have been sufficient. The banks were filled with currency waiting for investment, and waiting to make loans where they could obtain what they considered proper security. Why is it needed now? Why has the conference to tell us when to do it? This is all a great mystery to me, and I am sure the Prime Minister will do some unravelling in connection with this enigma, and will throw some new light upon it. I know there is a difference between ordinary currency and an investment in public works. What this new note issue really does is to get away from going on the market and borrowing money. It averts borrowing more money, and increasing our national debt. If we did not do this as outlined in the bill we would have to borrow money abroad; we would have to add to our national debt, an objectionable procedure just now and one which should be avoided if possible. If there is anything in the suggestion that this is just being done now before an election I must say that would be a most unworthy purpose.

Mr. POULIOT: What is the limit of controlled inflation? No answer.

Mr. COOTE: I should like to say that although I intended to, I did not answer the hon. member for Témiscouata (Mr. Pouliot). He asked my opinion as to where we would stop controlled inflation, or how far it should go. The determining factor in that case would be the average commodity price level in Canada. I think that is generally agreed upon by economists as being the factor which determines when the controlled inflation should stop. There should be no further inflation after we get to a certain agreed price level. That point would be agreed upon before a policy was commenced. I believe that is what the central bank may do. They should set, as their objective, a certain commodity price level. We have chosen the price level of 1926. We would take the index price of all commodities in that year, the index figure representing the average commodity price. Let us have a policy of controlled inflation or reflation—and I believe the latter is a much better word—let us raise the index figures of commodity prices to a point as near as possible to the figures obtaining in 1926. That would make it possible for producers to meet their liabilities. But while the price level is perhaps only sixty per cent of what it was when we incurred debts in 1926, we have to produce forty per cent more commodities to get the same amount of money to pay our debts. When we produce the extra forty per cent—and if we do succeed in doing so—then we drive the price level down because we have overproduced. We must have a certain price for our products, if we are going to meet our liabilities. The hon. member for Témiscouata says that our bonds are not only liabilities, that they are assets. They are assets only if those who must pay taxes out of which this interest comes, can meet their payments. If the price levels go too low, that becomes impossible for the producers, and when enough producers get into that position the interest on the bonds cannot be met, except from new borrowings, a condition which cannot go on indefinitely.

So I say the matter of getting a certain price level for producers is a fundamental matter for this house to determine when we are discussing monetary policies.

I think the Prime Minister will agree with me as to the importance of having a certain price level for our products, and if it is necessary for our producers it is necessary for Canada to have it so that the dominion, the provinces and the municipalities may meet their liabilities. The interest can be paid only out of production. If the price of our products goes too low the payment of interest becomes impossible—just as impossible as taking four gallons of water out of a one gallon can. It is for that reason that for the last three or four years I have urged monetary action to raise price levels.

Mr. BENNETT: What was the effect of it in the United States?

Mr. COOTE: I do not think anything can be gained by discussing that point, but at the moment we are discussing the question of increasing the amount of dominion notes issued. Great Britain has obtained an increased price level from monetary action, and certainly the United States have.

Mr. BENNETT: To what extent?

Mr. COOTE: Not to the extent it was hoped, and possibly not to the extent desired.

Mr. BENNETT: Not any more than in this country, or as great in many instances.

Mr. COOTE: We have it here because it came to the United States.

Mr. BENNETT: I thought you would say that.

Mr. COOTE: When the United States took action to devalue their dollar in relation to the pound sterling, making the pound worth more than five dollars, the pound became worth more than five dollars in Canada, and that was the reason for most of the rise in the price of wheat and other exportable commodities. I do not think it is because of any action we have taken here up to date; rather, I think it is because of the action of the United States in revaluing gold.

Mr. POULIOT: I had asked certain questions of the government, and the answer came from the hon. member for Macleod after he had said that he did not desire to reply to my question.

Mr. COOTE: I said that I intended to answer it but I forgot, and that is why I rose to make reply. I did not wish to interrupt the Prime Minister.

Mr. POULIOT: I am not saying that at all. What I am saying is that when I asked the question of the hon. member for Macleod he said that he was not discussing the matter at the moment, but he did not tell me that he would be good enough to rise afterwards and give a lengthy explanation of the matter. Now I am a layman; I am not a banker. I have here a dollar bill and if through inflation it were converted into a two dollar bill or a three dollar bill it would mean that instead of one dollar I should have three dollars. But if the increase were general the result would be that I would not be able to buy any more with that three dollars than I can with this dollar bill. Therefore what is the use of inflation? I remember well that last year, during a debate on the very same subject, I asked the hon. member for Macleod some questions along the same lines. I asked him: If we have normal trade what is the use of inflation? I have not the text of his answer but I remember distinctly what he said; he said that if trade were normal, if we had the same trade now that we had in 1930 there would be no necessity for inflation. He said it twice, and the third time I asked the same question and he told me that if he had said it previously it was because he had not properly understood what I had asked him before.

Now, I do not see what relation there can be between the central bank and the average figured value of goods. I do not see how the Bank of Canada can increase the price of butter from twenty cents, as it is now, to fifty or sixty cents as was promised before the election. I do not see how the Bank of Canada can do that, but if my hon. friend can explain it to me I should like him to explain it in very plain language which can be understood by a layman like myself. I am not a banker as he is. I am not a technician; but I do not believe in all this artificial, superficial, fictitious business. There must be something real; there must be something that exists not only in the imagination but in reality. Consider all that has been inspired by the economists who have written books upon books to describe their dreams. First of all, we remember Plato who lived a long time ago. He described the ideal city. Walking with other philosophers he described his dreams, and he gave them to us in books that are immortal. But the ideal city as seen by Plato in one of his dreams has never existed in reality. And now we have all sorts of economists who are preaching cures for every national trouble. They are writing books. Some of them live in England some in the United States, and others in France and Ger-

many; and here in this House of Commons we have listened to the opinions of Sir Arthur Salter and of Schacht, the president of the Reichsbank. All these people have beautiful theories which will make everyone rich. Well, they may be sincere, but they are not serious, and these experiments cannot be carried on on any large scale. Take a chemist like Pasteur; take a man like Claude Bernard; take Lord Lister. These men confined their experiments within a narrow field. They tried first to discover the truth by experimenting on a very small scale and then, when they saw that that limited experiment was successful, they extended it and carried it on on a larger scale. This I submit is what should be done. It is very dangerous to venture into the unknown on the word of men who, though they may be scientists or men with keen legal minds, have no practical experience. I am sure, for instance, that my hon. friend from Macleod, who I am sorry has just gone out, has more practical experience in banking than any economist who is not himself a banker. He has probably more experience than Sir Arthur Salter, and so said Sir Herbert Holt when he called the hon. gentleman one of his colleagues. "You are a banker yourself," Sir Herbert said to the hon. member. He admired the hon. gentleman's great experience in banking. But I am wondering how the central bank through inflation could increase the price of butter from twenty cents to sixty cents, how it could increase the price of cheese to twenty-five cents. How will the central bank through inflation restore the prices of commodities to what they were in 1930? And even if it did, it would not be the same, because the money would have less value; the currency would be less valuable. That is the point of view of a humble layman, a man in the street, looking at the theories put forward by hon. members in the extreme corner. They have been preaching these theories for a long time now and they may be sincere, but they are not practical; and what they tell us is a mere mirage. It is nothing but castles in the air, and it is a shame to tell the farmers that through inflation they will be richer than they are now. We must have a normal exchange of goods and we must come to that as soon as possible. In the meantime I hope that when hon. members in the far corner preach inflation they will be more convincing. I do not doubt their sincerity, but I say that they are preaching utopia, and it will make no one richer than he is now. I hope they will understand that it is much better to read the blue-books and get acquainted with facts than to spend their nights reading the publications of economists of the old world and the United States, those dreams in books which always put one to sleep.

[Mr. Pouliot.]

Mr. BENNETT: Mr. Chairman, I suppose I am expected to make at least a few observations. The hon. gentleman who has just taken his seat (Mr. Pouliot) has referred to our having to listen to Salter and Schact. There are some of us who read Hansard who were not present to listen to him who may regard that as almost as great a trial as listening to Salter and Schact. I daresay there is a difference of opinion on that point. I do not think it would be fitting that I should waste the time of this committee, in view of the discussion that has taken place, in getting back to the rudiments of this matter. All nations provide a coverage for currency so that it may have some value in the eyes of the people of the world outside of their own particular country. I shall put it as broadly as that. There cannot be much difficulty about that. To the extent to which a currency meets that universal requirement, to that extent it may be regarded as having some stabilized value. One of the reasons why we are able to do what we are going to do and could not have done it before is that the world has agreed upon a basis of what it regards as sufficient metal coverage for the purpose of enabling a country to issue currency. Compliance with that universal agreement means that we have behind us the sanction of universal opinion, and the sanction of universal opinion in monetary matters is all important. As I said in this house on a previous occasion, confidence is the basis of the value of money. Why is it that the Canadian dollar to-day is worth more than the American dollar? Why is it that there is a premium on the Canadian dollar as against the American? Why was it that we did not, as the hon. gentleman says, do this thing years ago? All he has to do is to look to see what the Canadian dollar was then. It was then eighty cents, eighty-four cents, eighty-five cents up to ninety cents; to-day it is worth $\$1.01\frac{3}{16}$. How has that value been established? It has been established by the creation of a favourable trade balance, both visible and invisible. Commodity balances and invisible balances gave us last year a favourable trade balance of over $40,000,000. That means that some people in order to meet their obligations in Canada had to purchase our securities or otherwise to the

value of forty million Canadian dollars. In order to get a Canadian dollar they had to pay $1.01 or whatever the amount might be. That is why Canadian dollars are worth more than they were a few short years ago or even a few short months ago.

The second reason is that the great republic to the south has followed the monetary policy it has. No doubt that policy has had a very direct effect upon the monetary position of this country. These two things have brought about a rate of exchange between Canada and the United States on a basis favourable to this country. I am not discussing the wisdom or unwisdom of this; I am only pointing out what is a fact. It should be remembered what it meant to this country, to the provinces, to the municipalities, to large corporations and to individuals that had to pay their debts in New York under the terms of their contracts. A tremendous task was imposed upon the Canadian people in meeting those obligations.

Perhaps hon. gentlemen will realize why this country did not engage in inflation. There is no doubt about what would have happened had I driven the Canadian dollar down to fifty cents. We now have the confidence of the world behind us, and we have the sanction, not only of public opinion in Canada and the United States but of public opinion of the world expressed in the terms of a resolution agreed to by sixty-four countries of the world. The extent of the metal coverage of our currency is in the terms of that agreement. We still have a thirty-one per cent coverage based on the old value of gold at $20.67 per ounce. We have that metal coverage behind $120,000,000 of currency. Under the action of the world in placing a new value upon gold, as indicated by the markets to-day in London or New York, we have a coverage of over fifty-two per cent.

Let me make it clear that this bill is only to meet a transition period. Let me answer the question of the hon. gentleman as to why we did not do this before. When I tried it with $35,000,000, what was the result? We issued $35,000,000 of money under the provisions of the Finance Act, and what happened? Exchange dropped eight per cent. That demonstrated that we were not ready to do this, that confidence had not been created and that the foreign balances of this country were not sufficient to sustain our position. Confidence has returned, and with our foreign balances as I have indicated, this country finds itself in a position where the bill as brought down the other day in this house was received with approval in the money centres of the world, whereas my little effort to deal with the situation a couple of years ago met with a fall in exchange of eight per cent. I put these facts before the committee in order that it may realize that the action now taken is taken for the transition period between the present and the days of the central bank, at which time we will adopt in full the provisions of the recommendations of the world conference and provide for currency to an extent which cannot possibly be required. The hon. member for Melville (Mr. Motherwell) was quite right when he said that at no time during the past few years has there been any shortage of currency. The banks were unable to lend the money they had. During the past few weeks there has been some evidence of stiffening of credit. The amount mentioned in this bill, $120,000,000, is, as the hon. member for Vancouver Centre (Mr. Mackenzie) said, to meet that transition period until the central bank is functioning. I need hardly point out to this committee that when the bank functions the effect will be, on the application of the terms provided for with respect to coverage, the issue of several hundred millions of currency if required. That will be the result achieved with the aid of the gold of the banks and the gold from the Department of Finance. Politics has nothing to do with this. Although much condemned and criticized, I think we have vindicated the soundness of the position which we took, which was that sound money must be maintained for this country. This is not inflation in the sense in which that term is used in this chamber; it is the application of a principle agreed upon by the nations of the world to the conditions in this country during the transition period between the present and the time when the central bank is established.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock, Mr. Smith (Cumberland) in the chair.

Mr. POULIOT: I understand we are discussing clause 1 of Bill No. 110. In the last number of the Commercial Intelligence Journal, the issue of June 23, 1934, at page 1090 I see a table giving exchange quotations for

the weeks ending June 11 and June 18, comparing the par value of the currency of each nation with nominal quotations in Montreal for the two weeks. I will not take both weeks, but let me take the week ending June 18, as follows:

Country—	Unit	Present or former gold parity	Nominal quotations in Montreal week ending June 18
Austria	Schilling	.1407	.1872

This means that Austria is much more above par than Canada.

Belgium	Belga	.1390	.2305

This means that the value of Belgian currency is much more in Canada than when it was at par.

Bulgaria	Lev	.0072	.0118
Czechoslovakia	Krone	.0296	.0411

In Denmark and Finland their currencies are a little less than par.

France	Franc	.0392	.0651

This means that the franc is worth about fifty per cent more than it was before, according to what the Prime Minister said as to our money being above par, that means it must be above par in all the other countries. How, then, can he explain that the value of the French franc is now fifty per cent more than it was before?

Mr. BENNETT: I did not say that. What I said was in reference to New York. That is what I spoke of, and the French franc is still on the gold standard.

Mr. POULIOT: That is all right. It means that the nations that are standing by the gold standard have currencies that are worth much more than those of the nations that have left the gold standard. That is common sense and everyone knows it. It is superfluous of the Prime Minister to teach me that, because it is a matter that is known by the man in the street. But let us take the other nations:

Country—	Unit	Present or former gold parity	Nominal quotations in Montreal week ending June 18
Germany	Reichsmark	.2382	.3758

This means an increase of about twelve cents for each mark, a formidable increase compared with the one and a fraction per cent of the Canadian dollar. It means that the German mark is worth about fifty per cent more in our own money. In Greece the drachma is lower.

Holland	Guilder	.4020	.6685

This is also an increase of over fifty per cent for the Holland guilder.

Hungary	Pengo	.1749	.2956

Much above Canadian money. Canadian money is much below par.

Italy	Lira	.0526	.0849

Also a great increase over par.

Jugoslavia	Dinar	.0176	.0224

Also an increase. In Norway there is a small decrease. In Portugal there is a small increase over par.

Roumania	Leu	.0060	.0100

An increase of about forty per cent. In Sweden there is a small decrease and also in Spain there is a small decrease.

Country—	Unit	Present or former gold parity	Nominal quotations in Montreal week ending June 18
Switzerland	Franc	.1930	.3204

An increase of about fifty per cent.

United States	Dollar	1.0000	.9850

This means a decrease. What is meant by that inflation? It is not that Canadian money is above par but that Canadian money is a little less inflated than United States money; that is all, but Canadian money is much lower than par. It is the same thing with regard to the currencies of Egypt and South Africa.

Great Britain	Pound	4.8666	4.9740

It means, sir, that Canadian money is not above par. We speak of it so but it is not in accordance with the facts; Canadian money is below par. When you go to England or most of the other countries of the world you see the depreciation of our currency. Therefore there is no reason to rejoice. If you go to France you need $150 to buy $100 worth of francs at the value they had before depreciation started. I put these figures on record in order to show the real value of our currency in the currency of other countries. The Commercial Intelligence Journal is published by the Department of Trade and Commerce and the figures it contains cannot be denied by the government.

With regard to the favourable balance of trade of which the Prime Minister spoke, let me tell him that the balance of trade now cannot be compared with the amount of trade in 1930. I wrote to the bureau of statistics to ask them for a comparison with the years 1930 and 1931. The comparison supplied is made between the years 1932 and 1933. It is most unfair, because the comparison should be made between 1930 and 1931 and the other years. If the comparison is made between 1933 and 1932 the showing is not so bad, but the government cannot say that it is better than before, because the point of comparison must be the year 1930, the year that the leader of the government and his ministers found so bad. It was the last year of the Mackenzie King government, therefore the comparison should be with that year. In comparison with that year we see that the decrease of trade is something fearful. Our external trade is only one-third of what it was in 1930.

Section agreed to.

Section 2 agreed to.

Bill reported.

INCOME WAR TAX ACT

The house resumed from Wednesday, June 20, consideration in committee of Bill No. 99, to amend the Income War Tax Act—Mr. Rhodes—Mr. Smith (Cumberland) in the chair.

Mr. BENNETT: The hon. member for Shelburne-Yarmouth (Mr. Ralston) brought to the attention of the committee subsection 6 of section 8. A deputation representing the various institutions that are holders of trusts met with the representative of the income branch of the Department of National Revenue and myself and they arrived at the conclusion that the present tax of five per cent is undoubtedly applicable against this, and that this section should be stricken out. I therefore move:

That the house proceed to reconsideration of section 8 of the bill.

The committee will recall that section 6 was passed.

Motion agreed to.

Mr. BENNETT: I now move:

That subsection 6 of section 8 of the bill be stricken out.

Motion agreed to.

Mr. BENNETT: In section 5 of the bill it is proposed to meet the five per cent tax by the following amendment:

That section 5 of Bill No. 99 be amended by adding thereto the following paragraph:

"(d) All income for any taxation period received from any Canadian estate or trust, which income shall be deemed to include all income accruing to the credit of non-resident beneficiaries whether received by them or not during such taxation period. The tax payable by virtue of this paragraph shall be deducted by the trustee from the amount paid or credited to such beneficiary at the time of paying or crediting and shall be remitted to the Receiver General of Canada."

That provides for the taxation of the income from the trusts but prevents double taxation and imposes only the tax of five per cent. I think that is the effect of it; that is what I am advised. At any rate it prevents double taxation and meets the difficulty to which the hon. member referred.

Mr. RALSTON: Does the Prime Minister think that it applies to anything more than the income derived from Canadian sources "from any Canadian estate or trust"?

Mr. BENNETT: The idea of designating it as a Canadian estate or trust is that it is a trust set up in this country, as I tried to explain the other day. If the benefits accrue to an estate set up in this country I think it is only fair they should contribute to the revenues of the country. But I agree with what was said the other day that it should not be double taxation. The representatives of the institutions that hold these trusts, both in Toronto and in Montreal, were agreed that the beneficiaries should make a contribution, and I think this section covers that clearly. I wish the hon. gentleman would look at it and see if he thinks it does.

Mr. RALSTON: My only thought was that there might be a Canadian estate or trust in the sense of one established in Canada which would hold not only Canadian but foreign securities. I thought it was intended that the tax should apply to the portion of income derived from Canadian sources only. The Prime Minister's point the other day was that if money was earned under our Canadian institutions, even though that money went to non-residents it should be taxed. I am wondering if this goes further and really brings the whole income of the estate, whether from Canadian or foreign sources, under the purview of the tax.

Mr. BENNETT: I think if the hon. gentleman will look at it he will see that any income disbursed to a beneficiary from a Canadian trust is taxable.

Mr. RALSTON: That would include income from foreign securities?

Mr. BENNETT: Beyond question I think, that was the intention and that is my understanding. That would be the amendment to section 5 which takes the place of subsection 6 of section 8.

Amendment agreed to.

Section as amended agreed to.

[Mr. Bennett.]

Mr. BENNETT: That was the only section that was allowed to stand, unless the hon. gentleman has any observations to make with respect to any of the other sections. I think they have all been passed.

Mr. RALSTON: An inquiry came to one of my colleagues with regard to section 10. I think there is no doubt about the answer to the inquiry which was made; that is, as I understand it, section 10, which is a reenactment of section 19 of the Income War Tax Act, applies only from the date of assent and is not made retroactive. That was the information I got. I looked over the bill as passed and there did not seem to be any provision making that particular section retroactive.

Mr. STEWART (Edmonton): It is not mentioned in section 18.

Mr. BENNETT: As the hon. gentleman knows, I am only here by reason of the absence of the minister, who put through these sections. As a matter of fact I was not in the house, but according to my understanding that section was not to be retroactive. I will just look at it now, if the hon. gentleman will pardon me. I do not think there is any question that it is not retroactive.

The CHAIRMAN (Mr. Smith, Cumberland): Mr. Bennett moves that section 19 be stricken out and the following substituted therefor:

19. Subsection 6 of section 9B of the said act is repealed.

Amendment agreed to.

Mr. RALSTON: There is just one thing more. On the second reading of the bill the Minister of Finance made some reference to section 10, which reenacts section 19. I do not know whether the Prime Minister was in the house at the time, but I thought the minister rather left the impression that legislation had been passed in 1930 which widened the position of the taxpayer and made him less liable than before to pay taxes. As I understand it section 19, as enacted in 1930, provided for the taxation of the accumulated income on the winding up, discontinuance or reorganization of a business, and that was passed for the purpose of restricting the rights of the taxpayer. Though those funds were not taxable at all previously, they became taxable as from January 1, 1930. I looked up the debates of that time and I find that on May 24, 1930, at page 2505 of Hansard, the

hon. member for York-Sunbury (Mr. Hanson) said:

But the present act provides that dividends paid to an incorporated company by a company incorporated in Canada, the profits of which have been taxed under the act, are not liable to taxation.

Then the hon. gentleman went on to point out that this provision made them liable to taxation; he took some objection to the act being made retroactive to January 1, 1930, and suggested that the act should be made to apply only from July 1, 1930. Then at page 2506 he said:

It may be said that by that method the shareholders of the selling company escape payment of income tax on undistributed and earned surplus or income; but it is a perfectly legal transaction, and to make this provision that we are now dealing with retroactive is, I submit, wholly unfair.

I can say for the minister's benefit and assistance that I have taken occasion to discuss this matter with the income tax authorities, and while they admit that it bears the construction which I have indicated, they say that it was not the intention of the department to go that far, but to go back only to the 1st day of January, 1930. But unless the bill is properly worded, to provide against the contingency I have mentioned, there will be very grave injustice done.

Further on he said:

Even to go back to the beginning of 1930 is, in my opinion, not quite fair because that too has this retroactive feature. I would suggest to the minister that instead of making this retroactive to the beginning of the 1930 taxation period, he provide in the bill that it take effect from the beginning of the next taxation period, the beginning of the 1931 period, or the end of the 1930 taxation period. In that way the government and the department will not be open to the charge of passing retroactive legislation, which on principle is always bad, and which may bear hardly in a given case.

I am not objecting to the principle of the amendment to the act, because in principle an undistributed income has as much right to pay taxation as distributed income, but it has not been made taxable in the past and it has been perfectly legal to do what I have indicated has been done. . . .

I refer to that only in order that there may be no doubt on this point, that in 1930 the act which was the predecessor of this section now being amended, was passed, whereby a distinct advance was made in the way of taxation; undistributed income was taxed which had not been taxed previously, and that provision was made applicable back to January 1, 1930.

Mr. BENNETT: I think the hon. gentleman has not before him the statute as it was passed. The statute is chapter 24 of the statutes of 1930 assented to on May 30. It exempted first of all dividends paid by one incorporated company to another. Then it dealt with cooperative companies and associations; it amended subsection 1 of section 5 by adding a description of dependent relatives; it exempted ten per cent of the net taxable income in regard to donations and also exempted $5,000 of an annuity. Then, on page 233, section 19 was repealed and the following substituted:

19. (1) On the winding-up, discontinuance or reorganization of the business of any incorporated company, the distribution in any form of the property of the company shall be deemed to be the payment of a dividend to the extent that the company has on hand undistributed income earned in the taxation period 1930 and subsequent periods.

What happened? Just as soon as this was passed they proceeded to distribute all the income earned prior to that time. That was the joker in the whole statute; it applied only to 1930 and subsequent periods, and they proceeded immediately to distribute the income earned prior to 1930. Many members of the house thought that was not what the statute meant at all, but that was what it did mean in practice. That was the situation dealt with by the amendment passed last year, which is being further dealt with here. If the hon. gentleman will look at the language he will see how that construction could be put upon it. As a matter of fact the hon. member for York-Sunbury was arguing that there should be no payment of income tax on the distribution of undistributed profits. That should apply to the payment of a dividend to the extent that the company has on hand undistributed income earned in the taxation period 1930 and subsequent periods. The ones antecedent to 1930 got off free, and it is certain they took advantage of that provision.

Mr. RALSTON: All hon. members in the house at the time agreed that this legislation was imposing an extra burden on the taxpayer. It may have been that in practice someone ingeniously worked out the other situation. But everybody had his eyes open when the act was passed. It certainly did impose taxes which were not imposed before, and imposed them back to January 1, 1930, instead of, as the hon. member for York-Sunbury mentioned, July 1, 1930. The hon. member said:

I do not see that it can make very much difference to the department in the matter of taxation. You are establishing a new principle that for thirty years has not been resorted to. You are foregoing all the unearned and undistributed incomes of companies of this character

down to the first day of January. Why not go a little further and make it the first of July or the thirtieth of June, 1930? I do not see any reason in the objection urged by the minister that you cannot have a broken period. The amount of tax can be ascertained.

Mr. BENNETT: It is unnecessary to say that the hon. gentleman is not the interpreter of the statute; he did not interpret the statute. Here is the form in which it passed.

Mr. RALSTON: The only objection was that it went back too far.

Mr. BENNETT: But it was for another reason altogether.

Mr. RALSTON: The objection was that it went back too far, and taxed funds which up to that time had not been taxable.

Mr. BENNETT: But as I say now, in practice what happened was it enabled those who had accumulated vast surpluses which they had not distributed, to escape taxation. It began to operate for the 1930 period and thereafter, but not antecedently to it. Large accumulations had taken place prior to that time. The statute which passed freed from taxation all moneys accumulated as surplus, and not distributed to shareholders prior to January 1, 1930, and thereafter.

Bill reported, read the third time and passed.

FOREIGN INSURANCE COMPANIES

Right Hon. R. B. BENNETT (Prime Minister) moved the third reading of Bill No. 50, to amend the Foreign Insurance Companies Act.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, I wish to direct the attention of the house to one clause of this bill which, it seems to me, should not pass. The Prime Minister (Mr. Bennett) has had his attention directed to it—I refer to that clause making one provision of the legislation retroactive. I shall state frankly that my attention was drawn to it by the solicitor of a party to an action now pending in the supreme court. I refer to section 6 of the bill which reenacts section 9 of the original legislation but with a very important amendment. Section 9 as reenacted provides for certain proceedings in the case of companies proposing to register where their names conflict or are liable to be objectionable on account of conflict with the names of companies already registered.

Section 9 of the old legislation provided that if the name of any company applying to be registered was in the opinion of the superintendent objectionable on the ground that the name of the company was that of a company registered under this act, or a name liable to be confounded with the name of any such company, then the superintendent might refuse to register. The amendment provides that the superintendent may refuse to register not only if the name of the company is in conflict with the name of another company registered under this act, but also if the name is one which conflicts with that of a company registered under the Canadian and British Insurance Companies Act, 1932. The objectionable feature is that by subsection 6 of section 9 it is provided:

> (6) This section shall be deemed to have come into force, and shall be construed and applied as if it had come into force, on the twenty-sixth day of May, 1932; and any appeal to the Exchequer Court of Canada which any company has since the said date taken from the refusal of the minister to grant the application of the company for registry under this act on the ground of an objection to the name of the company, whether finally disposed of or not, shall be reconsidered and determined on the merits under and in accordance with the provisions of this section."

There is only one case in point, but it raises a question of principle concerning which I have spoken before in this house, and in connection with which I have very definite ideas. My general position is that retroactive legislation is objectionable, and I submit that retroactive legislation which interferes with legal proceedings now pending is doubly objectionable. The situation in this particular case is that the Continental Assurance Company incorporated in Illinois applied two years ago to be registered in this country.

Mr. BENNETT: It is the Continental Life Insurance Company.

Mr. RALSTON: No, I believe it is the Continental Assurance Company. It applied to be registered, and the superintendent of insurance refused registration. After discussions lasting about two years the solicitor took the matter to the Exchequer Court of Canada, to which court there is an appeal from the superintendent, with the result that His Lordship the President of the Exchequer Court of Canada allowed the registration, and that is the situation at the present time. The appeal to the exchequer court was allowed on February 22, 1934.

The crown was a party to that litigation. The Continental Life Insurance Company, a company in Canada, were the respondents in the case, and the crown intervened. Judgment was given allowing registration of the Continental Assurance Company in Canada. Costs were reserved. There was no appeal

by the Canadian company, but the crown appealed. The appeal by the crown from that judgment is now pending before the Supreme Court of Canada. As I understand the circumstances of the case, there is no suggestion that the Continental Assurance Company is not eminently worthy of registration in Canada. It has been said that the judge of the exchequer court suggested that perhaps retroactive legislation might be passed. I understand that suggestion is denied. Only a few days ago in a letter from the solicitor of the Continental Assurance Company I was referred to the fact that the judgment of the learned exchequer court judge as published in the reports and as it appears officially contains no reference whatever to retroactive legislation.

Mr. BENNETT: That is hardly correct.

Mr. RALSTON: My argument is that even if the court had suggested retroactive legislation it would have been quite outside its jurisdiction and quite outside its functions, because after all the question as to the advisability or otherwise of legislation is for the government and this House of Commons. The second point is that there are hundreds of cases in which decisions of courts have been given on statutes. I submit that if, after a decision has been given on a statute in a certain form, we attempt to pass legislation amending the statute and providing that the amendment shall be retroactive, we are creating a very dangerous precedent indeed, and I do not think that there is anyone who will more quickly agree with that on general principles than the Prime Minister himself.

In the second place, the suggestion was that counsel had offered to waive the statute and to try the matter as if the statute had been amended. As counsel pointed out, he may have offered long before the litigation started at all to have the matter dealt with on the merits, but the department refused absolutely to take that position. It refused to have the statute amended but preferred to go to the exchequer court and have the matter decided on the statute as it stood. Now decision has been given against the crown and it is proposed that this house shall amend the statute and take away from the Continental Assurance Company the fruits of its litigation. I say, first, on the ground that the matter is sub judice, that we should not pass subsection 6 but that the appeal should be allowed to take its course in the Supreme Court of Canada to which it has been taken—by whom? by the crown itself—and, secondly, I say that retroactive legislation is highly objectionable. The government has decided to appeal to the courts and the litigants have accepted the courts as the tribunal before whom that appeal is to be heard. The crown even intervened in this action to get into the case, and now, having intervened and got into the case, it has appealed to the Supreme Court of Canada; but instead of going on with the appeal it comes to this house now and asks the house to amend the legislation in order that the litigant may be robbed of the fruits of his success. This section changes the law and it makes this change govern a case which has already been disposed of by the established institutions of the country, and it sends the litigant back to the exchequer court under a law entirely different from the law as it stood when he began his litigation. It is bad enough for a private litigant to ask parliament to amend a law while litigation is in progress, but it is a good deal worse when the crown does so. If there is any party that should abide by the decisions of the courts of the country it is the crown and those representing the crown by whom the king's judges are appointed in the first instance. I think this will appeal to hon. members of this house who believe in fair play. The game has been played, and the crown has lost; and what is now proposed is this. The crown says, "True, we have lost the game, but we propose now to revise the rules and have the game played over again."

I need hardly say that I have not the slightest interest in this matter except that I have had a good deal of correspondence from Mr. Gray who was representing the Continental Assurance Company, and I told him I would bring the matter to the attention of the house. I am doing so in view of that promise, but I am doing it also because I believe that it is a sound principle that we should not interfere with litigation, and particularly should we not put in an act a provision which gives the crown a right which it had not, a right which will defeat the objects of the litigation and rob the litigant of the fruits of his success, sending him back to the exchequer court.

What about the merits?—because after all the house is interested in that question. This Continental Assurance Company which is applying for registration in Canada is incorporated under the law of Illinois. It is licensed in thirty-five states and has been doing business since 1911. As a matter of fact it is much larger in assets and business than the Continental Life Insurance Company, which is the Canadian concern. It is, I understand, a reputable and substantial

company. Mr. Gray offered, I believe, to add the words "of Illinois" to the name of the company to make sure that there would be no possible conflict, or to add the words "Head office in Chicago, Illinois," or something of that sort to distinguish it clearly from the Continental Life Insurance Company; and the assurance was given further to employ no agent associated with the other company. These offers were not accepted; they were delayed two years in registration, and what do we find now in connection with the registration of insurance companies in this country? There are a number of companies with very similar names. For instance, you have the Mutual Life Insurance Company of Canada and the Mutual Life Insurance Company of New York, as well as the Mutual Life and Citizens Insurance Company, Limited, all registered; the Union Assurance Society Limited and the Union Insurance Society of Canton, both registered; The Phoenix Assurance Company Limited and the Phoenix Insurance Company, the Prudential Assurance Company Limited and the Prudential Insurance Company of America; the Imperial Assurance Company and the Imperial Insurance Office, all registered under acts of Canada. Yet refusal is given when application is made to register the Continental Assurance Company because there is another company called the Continental Life Insurance Company, notwithstanding that the Continental Assurance Company offers to have itself known as the Continental Assurance Company of Illinois, so that there may be no question about it.

I do not know what the real reason is why the suggestion was not accepted that the act should be amended, but evidently it was not accepted and we are here attempting to reverse the decision made by the exchequer court by a judge appointed by the crown, and we are proposing to pass this legislation at the instance of the crown. It offends against the rules of fair play, and I say that on the merits there does not seem to be reason for it. We should pass this act, amend it for the future, but allow the litigation to take its course and the crown should carry its appeal to the supreme court and abide by the result.

I move therefore, seconded by the hon. member for Quebec East (Mr. Lapointe):

That Bill B of the Senate, being Bill No. 50 of this house, be not now read a third time, but that same be referred back to the committee of the whole house with direction to amend said bill by striking out subsection 6 of section 6 of said bill.

[Mr. Ralston.]

Some days ago I laid on the table of the house a petition addressed by the Continental Assurance Company to this house, setting out the facts in more detail than I have given them, and dated May 31, 1934. To that petition I would refer hon. members.

Mr. G. R. GEARY (South Toronto): I have some slight knowledge of this matter though perhaps not full or accurate enough to enable me to add very much to the discussion. The decision of the exchequer court has been on a technicality and in no wise on the merits. All parties, including the applicants, were willing to have the application treated as an application on the merits of the proposal. That has not been dealt with in the judgment of the exchequer court. As a matter of fact what happened was this. By reason of a fault in the statute, conceded by all parties, the judge of the exchequer court was unable to hear the application on and did not go into the merits, and the Continental Assurance Company is not prejudiced in the slightest. It has been willing, and is willing now I should imagine, that the matter should be discussed on the merits. If the statute is amended the road will be clear for that discussion. I am not dealing with that phase because I know nothing about it; but this is not a case of retroactive legislation in the sense in which that term is usually used. Nothing has been done under the act; the company has never done business in Canada; and while its road is clear to some extent under the judgment of the exchequer court, it will have got no further on its way by reason of that judgment, nor will it be prejudiced by reason of what has occurred up to the moment if the bill is passed and the parties present the case on the merits.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I was placed in charge of this bill when it came from the Senate. It was read the second time in this house, the house went into committee thereon and the bill was passed without any objection. Later the hon. member for Shelburne-Yarmouth (Mr. Ralston) intimated that Mr. Gray desired to be heard. He filed a petition which has been laid on the table of the house. The statements which the hon. gentleman has just made were the statements presented to the government in Mr. Gray's brief. However, even as Mr. Gray failed to make the matter clear upon the facts in his petition to the government, so has he not quite accurately stated the matter to the hon. gentleman. In order that there may be no misunderstanding and that the position

of the government be made perfectly clear, I propose to quote from the judgment of the president of the exchequer court. What has been said by the hon. member for South Toronto (Mr. Geary) indicates clearly that this is not retroactive legislation in the ordinary sense; it is merely legislation to put the parties in the position in which it was always intended they should be and in which Mr. Gray himself asked on more than one occasion that they be put in until after he got judgment from the exchequer court.

Mr. RALSTON: That was before the litigation.

Mr. BENNETT: I quote:

Maclean, J.:

Judgment rendered February 22, 1934.

The Continental Assurance Company, which for the sake of brevity and clarity will hereafter be referred to as the applicant, made application in October, 1932, to the superintendent of insurance, for its registration under the Foreign Insurance Companies Act, 1932. The applicant is a United States corporation, incorporated under the laws of the state of Illinois, and has carried on a life insurance business in a substantial way in that country since 1911, and presently is licensed to carry on such business in thirty-five different states. The applicant, it is said, is associated, through share ownership with the Continental Casualty Company which is licensed to carry on business in Canada, and in fact does so, but that does not appear to have any relevancy to the issue to be determined here.

The applicant complied with all the requirements of the statute, and of the Department of Insurance, in its application for registration. After a hearing by the Superintendent of Insurance at which the applicant, and the Continental Life Insurance Company as an objecting party, appeared, the superintendent made a report to the Minister of Finance recommending that the registration of the applicant be refused on the ground that its name was liable to be confounded with the name of the Continental Life Insurance Company, a Canadian corporation licensed to carry on the business of life insurance in Canada under the Canadian and British Insurance Companies Act, 1932, and thus "on public grounds objectionable"; thereupon the minister accordingly refused to register the applicant.

From the report of the Superintendent of Insurance and the refusal of the minister, the applicant appealed, and the right of appeal being questioned by the Superintendent of Insurance, the applicant applied to Angers, J. for an order requiring the Superintendent of Insurance to deliver to the applicant a certificate in writing setting forth his ruling in the matter of the applicant's application for registration and the reasons therefor, with which order the Superintendent of Insurance in due course complied. In the facts of this case, I think, there was the right of appeal under the statute.

Coming now to the real question for decision in this matter. The issue seems to me to be one of the interpretations of a statutory provision, and that is section 9 of the Foreign Insurance Companies Act, 1932, and it reads thus:

"If the name of any company applying to be registered is that of any company registered under this act, or, in the opinion of the superintendent, any name liable to be confounded therewith, or otherwise on public grounds objectionable, the superintendent shall so report to the minister, and the minister may refuse to register the company."

"(2) Such report, if based upon the objection that the name of the company applying to be registered is that of any company registered under this act or any name liable to be confounded therewith, shall be deemed to be a ruling of the superintendent from which an appeal shall lie under and subject to the provisions of section thirty-four of this act."

The Superintendent of Insurance, and the applicant, agree that the language of section 9 (1) is defective and through inadvertance does not express fully what was intended, that is to say, it was never intended by the legislature to limit the application of this statutory provision to companies registered under the Foreign Insurance Companies Act but should have included companies registered under the Canadian and British Insurance Companies Act. The applicant, it is said, through the appropriate avenue, requested that this defect be cured by amending legislation. All parties to the controversy therefore agreed that something was omitted from the section of the act.

I direct the attention of the house to this:

Mr. Gray, for the applicant, agreed that I might construe this section of the act as if the omission had been supplied, and that I might deal with the appeal upon the merits if I felt inclined to do so. He, however, urged that upon a fair construction of the section as it stands the ruling of the Superintendent of Insurance was in error.

There can be no doubt, I think, as to the construction to be put on section 9. It means that a registration may be refused if the name of the applicant company is so similar to the name of a company already registered under the same act, as to cause confusion. The first clause of the section enables the superintendent to report adversely to an application of a foreign company for registration under the Foreign Insurance Companies Act on account of the similarity of its name to another foreign company already registered under the same act.

To attempt to sustain the refusal to register the applicant under the words "or otherwise on public grounds objectionable" is untenable, in my opinion. These words have no reference to the situation produced by an applicant company seeking registration under a name so similar to a name already registered as to be calculated to cause confusion. The words "or otherwise on public grounds objectionable," as here used, mean something other than the question of confusion arising out of the similarity of names and in such a case there is no appeal from the report or decision of the superintendent of insurance, while in the other case there is an appeal and an applicant is entitled to a judicial decision as to whether its name is liable to be confounded with another name. The words "or otherwise on public grounds objectionable" exclude an objection grounded on a possible confusion of names.

These are the important paragraphs:

Mr. Gray for the applicant, as I have already stated, expressed his willingness that I dispose of the appeal upon the merits if I so cared to do, and that I might assume that the alleged missing words were supplied in section 9 of the act in question. I do not think this is a case where the court would be justified in reading into the section the words said to have been inadvertently omitted. I think I am bound to assume that the legislature meant precisely what it said notwithstanding counsel for the applicant, and the superintendent of insurance, believe it to be a causus omissus. This is not a case where the imperfect wording of a section of a statute creates some doubt as to its meaning but where the intent of the legislature may be resolved with confidence from other provisions found in the same statute.

It seems to me that the appeal should be allowed and it should be declared that the applicant is entitled to registration. The statute, as it stands, authorizes a refusal of registration of a foreign insurance company under the act in question here when its name is liable to be confounded with the name of another foreign company already on the registry,—

This is not a foreign company already on the registry; that is really the gist of it. The judgment continues:

—and any attempt to base the refusal upon the words "otherwise on public grounds objectionable," does not appear tenable to me.

The hon. member for Shelburne-Yarmouth is quite correct in saying that the following paragraph does not appear in the supreme court and exchequer court reports. It does not appear because it has nothing to do with the reasons in the case; it has reference only to this particular case and, therefore, is not important. In the certified case before the court this paragraph was included, as it should be, at page 57. It reads:

I cannot see any useful purpose now to be served in a discussion of the appeal upon the merits of the case. If the legislature amends the statute, the matter may, if desired by the parties interested, be brought before the court upon the merits upon the present record and without further argument; and, if I may properly do so, that aspect of the appeal is for the present reserved as is also the question of the costs of this appeal.

That is as clear a statement of this case as it is possible to conceive. That paragraph is not in the published law reports of the country because it has reference to this particular company and not to jurisprudence. But in the formal order settled by the court which can be changed only by the appeal are these words:

In the Exchequer Court of Canada
Thursday, the 22nd day of February, A.D. 1934.

Present:
The Honourable the President

Then it recites the case and the name.

The appeal of the above named applicant coming on for hearing at the city of Ottawa, on the twenty-first day of November, A.D. 1933, before this court, in the presence of counsel for the applicant, for the Attorney General of Canada and for The Continental Life Insurance Company, intervenant, whereupon and upon hearing what was alleged by counsel aforesaid this court was pleased to direct that this appeal should stand over for judgment and the same coming on this day for judgment.

1. This court doth order that the appeal from the ruling of the superintendent of insurance be allowed.

2. And this court doth make no order as to costs of this appeal, but reserves this question—

The word "to" is left out.

—be dealt with upon the further proceedings, if any, in this court.

If that is not a clear indication and almost invitation to pass this legislation I cannot conceive of anything clearer. What is more, in the formal judgment of the court provision is made for it. So, when this statute is enacted, the merits of the case will then be considered in accordance with the recommendations made by the learned judge as well in his reason for judgment as in the order which is based on those reasons. I cannot under the circumstances think the hon. gentleman is correct in describing this as retroactive legislation. It is legislation which counsel for the parties contemplate might be passed.

Mr. RALSTON: Not after litigation.

Mr. BENNETT: I am only reading from the judgment of the judge who says that counsel said to him: Give us judgment as though you were on the merits. He said: I cannot do that, but if the legislature intervenes, I will do it. The legislature is now going to intervene.

Mr. RALSTON: He has to give two judgments.

Mr. BENNETT: The judge said: I will not give judgment on the merits because it is clear I cannot read into the statute, even by consent, something that is not there. In other words, jurisprudence cannot be determined by a private arrangement. That being so, the learned judge contemplated that the statute would be passed. When it is passed, what happens? Have we taken away any man's rights? What we have done is to say to him: Let us hear the case on the merits, it not having been heard on the merits because the statute contemplated confusion with respect to another foreign company and not a domestic company and the domestic company is urging the confusion with respect to its position. For instance, in the daily papers the other evening it was reported that another

continental insurance company had gone into the hands of the receiver. I asked my hon. friend if he knew anything about it. I did not know about it so I made inquiries and it was a company of a somewhat similar name in another state in the United States. That has nothing to do with this particular question which is purely and simply whether all parties having agreed during the trial that there should be a decision in the merits, this statute affords an opportunity for that decision to be made upon the merits of the case.

Hon. ERNEST LAPOINTE (Quebec East): I believe with the hon. member for Shelburne-Yarmouth (Mr. Ralston) that this bill contains a provision which is certainly unprecedented and the like of which cannot be found in any statute of this country. Let me read subclause 6 of clause 6 of this bill:

> This section shall be deemed to have come into force, and shall be construed and applied as if it had come into force, on the twenty-sixth day of May, 1932; and any appeal to the Exchequer Court of Canada which any company has since the said date taken from the refusal of the minister to grant the application of the company for registry under this act on the ground of an objection to the name of the company, whether finally disposed of or not, shall be reconsidered and determined on the merits under and in accordance with the provisions of this section.

This is retroactive in two features; it is retroactive with regard to paragraph (a) of subclause 1 of clause 6 in which it is stated:

> If the name of any company applying to be registered is in the opinion of the superintendent objectionable on the grounds that the name of the company is either—
> (a) that of any company registered under this act or of any corporation registered under the Canadian and British Insurance Companies Act, 1932.

The act of 1932 said:

> If the name of any company applying to be registered is that of any company registered under this act, or, in the opinion of the superintendent, any name liable to be confounded therewith.

By paragraph (a), this is added:

> Or of any corporation registered under the Canadian and British Insurance Companies Act, 1932.

This widens the scope of this provision, making it applicable to something which was not in the act of 1932. Then subclause 5 provides that there shall be an appeal to the Supreme Court of Canada from any judgment of the exchequer court under this measure. This was not in the act of 1932 and it comes after there has been litigation. There has been a legal action which has been decided by the exchequer court and which is actually pending before the Supreme Court of Canada. The Prime Minister quoted the notes of judgment of the justice of the exchequer court and he admitted that the last two sentences, which are the most important to support his side of the present debate, are not in the official reports. Not only are they not in the official reports, but those sentences have been struck out from the official record. After inquiry was made in the office of the exchequer court it was found that the learned judge of that court had removed from the official record those two sentences.

Mr. BENNETT: Would the hon. gentleman be good enough to read that?—because I should be glad to know of a judge doing so.

Mr. LAPOINTE: Is it not in the official report?

Mr. BENNETT: No, this is the certified copy.

Mr. LAPOINTE: I am advised by the representatives of the Continental Assurance Company that after inquiring at the office of the exchequer court they found out that those words had been removed there too.

Mr. BENNETT: That makes the situation worse.

Mr. LAPOINTE: It makes it worse for the case of my right hon. friend.

Mr. BENNETT: Does the former Minister of Justice say that a judge of a court, after a case has been passed for review in the supreme court, has changed his judgment?

Mr. LAPOINTE: Those are merely notes.

Mr. BENNETT: I gave the formal judgment, as certified.

Mr. LAPOINTE: Those are reasons for judgment. I am merely asserting what my information is; I have not seen it myself, but the solicitor for the company informed me that what I have stated is so. Does it not, however, look extraordinary that such a clause should be in this bill and that there is no provision for costs or anything in it?

Mr. BENNETT: But the judgment has reserved costs.

Mr. LAPOINTE: They will have to go there and apply for them. By this bill if it becomes law the parties are put out of court altogether; they have no case left. They have been awarded judgment under the statute of 1932, and in 1934 we are enacting

a law which says that this clause of the bill shall be deemed to have been in force since 1932; it is retroactive. This is certainly a vicious principle, however you look at it, and I shall support the amendment of the hon. member for Shelburne-Yarmouth (Mr. Ralston).

Amendment negatived on division.

Motion agreed to and bill read the third time and passed.

SUPPLY

DEPARTMENT OF JUSTICE

The house in committee of supply, Mr. Gobeil in the chair.

Penitentiaries—Amount required to carry out agreement between His Majesty and the municipality of the village of St. Vincent de Paul for extension of the present water and sewer system connected with St. Vincent de Paul penitentiary, $3,000.

Mr. REID: The Minister of Justice stated that when the estimates came up again he would have a report in connection with the hours of labour worked in the penitentiaries. I wonder if he has the statement now.

Hon. HUGH GUTHRIE (Minister of Justice): Yes, I have a memorandum in regard to the hours of labour of guards.

Under the present arrangement in all penitentiaries there are three shifts of guards of two as formerly. The time of the various shifts is as follows: The first shift is on from 7 a.m. to 6.15 p.m. Another shift comes on in the afternoon at 4.30 p.m. and remains on until 1 a.m. The third shift comes on at 12 midnight and remains on duty until 8.30 a.m. These are now known under present penitentiary regulations as the night watch, the morning watch, and day duty. It will be observed that day duty, from 7 a.m. to 6.15 p.m. is the long shift.

Mr. REID: Has that been put into effect in all the penitentiaries, and if so how many extra men have been put on the payroll?

Mr. GUTHRIE: It is now in effect in British Columbia, in Saskatchewan, at the Kingston penitentiaries and at Dorchester; and arrangements are now being made for Stoney Mountain and St. Vincent de Paul.

Mr. REID: Did it necessitate the addition of any further employees?

Mr. GUTHRIE: Throughout all penitentiaries it will require sixty-six additional guards.

[Mr. Lapointe.]

Mr. MERCIER (St. Henri): Would the minister give some particulars regarding this item of $3,000?

Mr. GUTHRIE: This item is for the purpose of enabling us to construct an extension of a water main in the village of St. Vincent de Paul in connection with the penitentiary there. Part of the village of St. Vincent de Paul is on the penitentiary reserve. For a considerable number of years residents of that village have under agreement been entitled to take water from the water mains, paying a reasonable rental for the service. Now it is proposed to extend that water main along another street in the village, and an agreement has been entered into that the residents on that street shall pay a rental for the water. The cost of the work is $3,000, and the rental to be received will make it a reasonably good investment.

Mr. REID: Has the minister any information regarding Piers island, how many Doukhobors are there now and what it costs?

Mr. GUTHRIE: The total cost of the Piers island penitentiary was:

For the year 1932-33.. .. .. $170,783 82
For the year 1933-34.. .. .. 170,461 78

The number of prisoners confined in this prison at the present time is 570.

Mr. MacINNIS: Referring again to the hours of work in the penitentiaries, if I heard the minister aright he said they are now having three shifts instead of two, but I notice that the day shift is still eleven hours and fifteen minutes. Could the minister tell us why the day shift is so long in view of the fact that they have three shifts?

Mr. GUTHRIE: There are more guards on the day shift than on the night shift. The reason for that is that the men are out at work and the guards have to be with them in the various departments, and then they have to be there at seven in the morning for the opening of the cells and the serving of breakfast, and are kept on until supper has been served in the evening and the cells finally locked for the night. The shift that comes on at 4.30 in the afternoon assists the day shift until 6.15 and continues on until 1 a.m. So far the arrangement has proved very satisfactory from every standpoint, and I believe the guards themselves approve of it.

Mr. MacINNIS: I wonder if the minister could say if the full day staff works the eleven hour shift.

Mr. GUTHRIE: All on the day shift are supposed to work all day, and all on the other shifts are supposed to be on duty during the hours I have mentioned. There is supposed to be work for all.

Mr. MacINNIS: I was wondering whether, because of the overlapping of some of the staffs, it might be possible that they were not all working, that some of them might get off earlier.

Miss MACPHAIL: I would ask the minister if he would care to give the house a statement concerning the death of Sam Behan. I should like to know if convict Behan, who died recently, was paddled a few days previous to his death. I should like to know whether he was suffering from a heart condition and was under the doctor's care, and whether he had been given stimulants for some ten days before his death.

Mr. GUTHRIE: The late convict Behan was a life prisoner who had a very long criminal record. Originally he was confined in the St. Vincent de Paul penitentiary; he was considered of that class of prisoners who are rather dangerous, and that prison was not considered strong enough to restrain him if he made an attempt to escape. Consequently he was transferred to Kingston in the summer or spring of 1932. In the beginning of May—if my memory serves me, on May 3 last—he created a disturbance in his cell in Kingston penitentiary of rather a noisy character. He smashed all the furniture in his cell, including his wash basin, dishes and the like, and turned on the water, flooding the cell. Some days later he was tried at the warden's court and awarded punishment, to consist of twenty strokes with a leather strap. On May 14 the punishment was carried out in the presence of the doctor, the warden and other officials, but only four strokes of the strap were administered. He asked to be relieved of the other strokes, and the warden granted his request. He thanked the warden and said that was the only good break he had ever had since coming to the institution. The other sixteen strokes were suspended; in that case they would not be adminstered unless the conduct of the prisoner in the future warranted it.

On May 26, early in the morning, it was reported in the office by one of the guards that Behan was complaining of being sick; that would be some time between six and seven o'clock in the morning. To keep myself accurate perhaps I might read some of the statement made at an inquest which was held into the death of convict Behan. The first statement I will read is that of keeper Robinson, who was questioned by the crown attorney. He said:

Q. I understand you were on duty this morning when your attention was attracted to this prisoner?

A. Yes, sir.

Q. What hour would that be?

A. I would judge it would be between 6.30 and—

Q. Between six and seven o'clock?

A. Yes, sir.

Q. How long had you been on duty there?

A. From 12.30 in the evening.

Q. How was your attention attracted to the prisoner?

A. By the grating of a cup by one of the other inmates confined in the cells.

Q. Where were you at that time?

A. I was directly above, in the keepers' hall.

Q. Were you alone?

A. No, sir.

Q. What connection, if any, is there between the keepers' hall and the cells in which this man was confined?

A. If I can explain it in this way. Here is the keepers' hall, and the cells are directly beneath the keepers' hall.

Q. How are they reached?

A. There is a door at this end. You go down for four or five stairs, and then turn to your left, and down to the cells.

Q. What kind of door guards the exit from the keepers' hall when you step out of it?

A. The keepers' hall door is a steel barrier, sir.

Q. There is a steel barrier separating the keepers' hall from the outer world, through which you had to pass in going down to these cells?

A. Yes, sir.

Q. When you went out of the keepers' hall you passed through this steel barrier?

A. Yes, sir.

Q. Then you descended four or five steps?

A. Yes, sir.

Q. Then you turned to your left, and walked along—

A. You turn to your left, and go down three or four steps.

Q. Then what do you do?

A. Then there is a light wooden door.

Q. What is the name of those cells?

A. They are generally spoken of as P.C., keepers' hall. Punishment cells.

Q. Then we are to understand that there is a light wooden door leading to the punishment cells below the keepers' hall?

A. Yes, sir.

Q. Was that door closed when you reached there?

A. Yes, sir.

Q. And was there any other door except that wooden door on the punishment cells?

A. Inside, as you go through the wooden door, there is a barrier which screens this block off.

Q. What do you mean by a barrier?

A. A steel gate, sir.

Q. So that we have a wooden door, and beyond the wooden door there is a steel gate?

A. Yes, sir.

Q. And your attention was attracted, as you told us, by some noise that you heard. Was that first thing?

A. Yes, sir.

Q. Had you heard any previous noise?

A. No, sir.

Q. What did you do upon hearing that noise?

A. I immediately inspected, sir.

Q. What did you do?

A. I left the keepers' hall. Perhaps I might explain, sir. On taking charge at 12.30, it is customary for the keeper and the officer in charge, the assistant officer, to make alternate visits to the P.C. for safety, and as regards the welfare of the inmates, the last night, if I am not mistaken, we made nine visits from 12.30 to seven o'clock.

Q. What visits did you make yourself?

A. I was down and visited the P.C. at 12.40, 1.35, 2.15 and 6.30.

Q. The 6.30 visit, I surmise, being the one you made on hearing this noise?

A. No, sir. On my visit at 6.30 I was talking to convict Behan. He said, "Good morning, Keeper Robinson." I said, "Good morning, Behan." I said, "It's a little warmer this morning" and he said "Yes, it is," and that's all that was said.

Q. And where were you when you were talking to him?

A. Directly in front of his cell.

Q. When you went in there, did you open this wooden door?

A. Yes, sir.

Q. Did you open the steel gate?

A. Yes, sir.

Q. And you went along the corridor?

A. Yes, sir.

Q. And when you say you were standing in front of the cell that Behan was in, where was that?

A. As we go through the steel gate, we go right down to the end of the corridor where the cells are, and there is an electric clock. There are five cells in that corridor, and the electric clock is down at the end. Behan was in the third cell as I went in through the door.

Q. Was he in the left hand tier of cells?

A. On the west side. That would be my right hand.

Q. He was in the third cell from the door that you entered?

A. The steel gate.

Q. And there were five on each side?

A. There were five on this particular side.

Q. So that he was in the middle cell?

A. Yes, sir.

Q. And you say that when you went in and were talking to him, where were you?

A. Directly in front of his cell.

Q. Was he at that time lying down?

A. Yes sir, he was in bed.

Q. Was there any further conversation that occurred?

A. No, sir.

Q. And you fix that time as being 6.30?

A. I would say between 6.30 and 6.35.

Q. Did you have to punch any time clock?

A. Yes, sir.

Q. Did you consult the clock since to find the time that you were there, to check up your time?

A. The idea is this. The time that is registered there, or any time clock throughout the prison, goes on a sheet.

[Mr. Guthrie.]

Q. Do you mean to say that when you punched the clock there, it would not be recorded there but would be recorded some place else?

A. It is recorded on the clock, and likewise recorded on a sheet.

Q. Then did you examine the record on that clock to find out whether it was 6.30, or do you fix the time from your own recollection?

A. No, sir. I make it my business to go down there between 6.30 and 6.35 every morning, before I leave.

Q. But I am asking you, did you check the time against the clock, or did you not?

A. No, sir, I am positive.

Q. I don't understand you. Are you positive that you did not check the time, or are you positive that it was 6.30, or what are you positive of?

A. I am positive that it was between 6.30 and 6.35 that I was in the hall downstairs.

Q. That is not based upon an inspection of the record, but it is based upon your recollection of the hour?

A. Yes, sir.

Q. Will you continue, please. You were last telling us of this conversation. Then where did you go?

A. After the conversation I went back to the keepers' hall.

Q. And I suppose in doing so you locked the steel gate and closed the outer door?

A. Yes, sir.

Q. And would you then be alone in the keepers' hall?

A. No, sir.

Q. Who else was there?

A. Keeper Donoghue, and, if I am not mistaken, keeper Nolan was there.

Q. You think they would be there when you returned from this visit to the cells?

A. Yes, sir.

Q. So that there were three of you there?

A. Yes, sir.

Q. Then how long after you heard this grating on the cup on the bars did you go back?

A. I went immediately, sir.

Q. About what time had elapsed since you had made your last visit?

A. I think it was about ten minutes from the time I had made my final visit until this grating was heard.

Q. And how long did it take you to go down to the cells?

A. A matter of a minute, sir.

Q. So you had been there ten minutes before?

A. Yes, sir.

Q. What did you find when you entered the cells this time?

A. As I entered the wooden door, one of the convicts said that Behan was sick.

Q. We are to understand that Behan was not the sole occupant of the cells?

A. No, there were three others on the east side.

Q. Was Behan the only one on the west side?

A. Yes, sir.

Q. And then you started to tell us that when you went in the door one of these—do you know which one it was?

A. No, sir, I couldn't say for sure.

Q. What did he say?

A. That Behan was sick. They could hear him moaning.

Q. He said that Behan was sick, and he also said they could hear him moaning?

A. Yes, sir.

Q. Did you make any reply to that?
A. No, sir. I immediately went to Behan's cell.
Q. What did you find on arriving there?
A. Just as I have already stated, Behan was in bed, moaning, and he asked to see the doctor.
Q. What did you do?
A. I immediately returned to the keepers' hall, and in this time the deputy warden had arrived. I would judge it would be about 6.50. I reported the same to the deputy warden.
Q. What about the other men that were in the keepers' hall before the deputy warden?
A. They were still there.
Q. Didn't you see them before you saw the deputy warden—A. Yes, sir.
Q. Did you have any conversation with them?
A. I was speaking to them before I went down.
Q. What were you saying to them?
A. In connection with what, sir?
Q. In connection with what you saw downstairs?
A. I hadn't been down, sir. You misunderstand me.
Q. When you found Behan was in this condition in his cell, you told this jury that you came back to the keepers' hall?—A. I did.
Q. Who did you find there?
A. The deputy warden had arrived in the keepers' hall.
Q. The intelligent answer would be that the deputy warden was there, together with the men whom you left there, wouldn't it?
A. Yes, sir.
Q. You found the deputy warden in addition to the guards in the keepers' hall when you returned?
A. Yes, sir.
Q. Then what happened?
A. I reported it to the deputy warden.
Q. What followed that?
A. The deputy warden asked to have the hospital overseer notified, and to report to the keepers' hall immediately.
Q. Was that done?
A. Yes, sir.
Q. Who came?
A. Overseer McConnell.
Q. Where was he summoned from, do you know?
A. From the prison hospital.
Q. That would be another wing of the same building?
A. After you go through the main dome in "A" corridor, it is on the west side of the main dome.
Q. It is all enclosed under the one roof, isn't it?
A. Practically, sir.
Q. Did the hospital attendant McConnell arrive on the scene?
A. Yes, sir.
Q. What followed that?
A. I was waiting for him at the main barrier leading from the keepers' hall into the main dome. I escorted him downstairs to Behan's cell, and I opened Behan's cell to admit the hospital overseer. He examined Convict Behan, and stated that the case was too serious for him, and to have the doctor notified.
Q. Did you hear any conversation between Behan and McConnell?
A. No, sir.

Q. What followed that?
A. I immediately returned to the keepers' hall and had the doctor notified.
Q. Was that Dr. Platt?
A. Yes, sir.
Q. I suppose he came from his home, did he?
A. Yes, sir.
Q. How long after that did he arrive?
A. I think he was at the prison at about 7.10.
Q. Did you accompany the doctor down to the cell?
A. No, sir.
Q. That is the end of your connection with it?
A. Yes.

Perhaps from that point I should give the doctor's statement.

I find the following in the evidence of Doctor G. A. Platt:

Q. Have you got the hospital record of this man?
A. He has never been a hospital patient, so there is no hospital file.
Q. Has he been receiving any medical attention at your hands?
A. Yes, he has.
Q. I am speaking of the last month?
A. Yes.
Q. What was it?
A. He complained of being unable to sleep. Said he was nervous, and wasn't sleeping well.
Q. When would this be?
A. This was particularly in the last seven or eight days—the last ten days. I have taken him over myself a tablet of veronal dissolved in water.
Q. Would it be correct to say that you saw him yesterday?
A. Yes. I was with him sixteen minutes.
Q. What time would that be?
A. When I came out from speaking to him it was 7.20 by the clock in the keepers' hall.
Q. Morning or evening?
A. In the evening.
Q. So that you saw him last before you were called this morning was about 7.20 last evening?
A. Yes.
Q. Did you prescribe for him then?
A. Yes, the same thing.
Q. How did you happen to go there this morning?
A. I was called from the prison.
Q. About what time?
A. Seven o'clock.
Q. And you arrived there approximately—
A. I think it was thirteen minutes after seven, or twelve, when I arrived.
Q. Did you go at once to see him?
A. Yes.
Q. Will you describe to the jury in what condition you found him?
A. He was lying on the bed in his cell. I picked up his wrist and could feel no pulse. I then asked him what was the matter. He made no answer. I couldn't feel any pulse. I looked at his eyes, tried to listen to his heart. There was no heart action audible, and he had no reflexes in his eyes. He did breathe twice in the next minute or two. I suppose it was just the last action of the blood and the respiratory centres and then he was dead.

Q. The man was practically dead when you reached there?

A. Yes, he was.

Q. In your daily treatment and visits to him, had you any knowledge of any heart affliction?

A. None.

Q. Was there anything indicative of it?

A. No, no symptom to suggest heart trouble, nor was there any heart trouble that I could detect by stethoscope. I have used that many times.

Q. When?

A. I think I spent more time with him than with any convict in the institution. In the last week I had no occasion to examine his heart at all.

Q. When did you last examine his heart?

A. I think the last time would be a little over two weeks ago.

Q. As the result of complaints received from him?

A. No. Part of my professional duty.

Q. Just in the ordinary course of duty?

A. Yes, it was in the course of duty.

Then there is the evidence of Doctor Hay, assistant professor of pathology at Queen's university, who performed the autopsy. Without reading all his evidence I shall read the following:

I examined the body of Samuel Behan. He was a man about forty-nine years of age, well developed and well nourished. There were no marks on his body of recent occurrence, but he had some old scars, on the cheek, on his chin, one on each knee, and some tattoo marks on each forearm. There were no recent marks of any kind whatever. I then examined the body internally. I found the right lung showed some evidences of slight tuberculosis, well healed now. His left lung was free of any previous disease. The heart was about normal in size. The right side was filled with blood. The left side was more or less contracted. I found that the artery which supplies the left side of the heart, one of the most important arteries, was rather badly diseased, a condition which we know as atheroma. In common language you speak of hardening of the arteries. The artery supplying the left side of the heart is extremely important, and if it be plugged by disease a blood clot may form, which cuts off the nourishment of the left side of the heart, that is the muscle itself, and this intereferes with the working of the heart, and frequently brings about immediate death. I found this artery in very bad condition indeed.

Coroner: Doctor, is there any physical way of diagnosing it during life? Might that have happened to a private individual in ordinary life without him even having suspected it or consulting a doctor?

A. Coronary thrombosis is in many cases an extremely difficult condition to diagnose previous to death, previous to an inspection of the body. In some cases it is almost impossible. The heart sounds may be normal. If anything does show, it sometimes shows by a little difference in the rhythm, the regularity of the heart, but a doctor might examine a man's pulse for quite a long time and not notice it. In some cases it is detected by a delicate electrical instrument, but even that might fail. I have known cases where a man died very suddenly, and he had been sick before, and it could not be detected. In some of the more chronic types they do complain of pain—that is angina pectoris. But sometimes they die very suddenly without complaining at all.

Q. Would it have been possible, by any chance, for any treatment to have saved him?

A. Nothing can be done whatever to change the condition of this artery. We are absolutely helpless.

Q. You mentioned a clot, doctor, I think?

A. Yes, perhaps I might explain. When the inside of the artery becomes diseased a clot of blood is very apt to form on the surface of this diseased area. It is liable to form more especially at night, when a man is resting, and as soon as he is disturbed in the morning he is liable to break this clot up, and it plugs a small branch of this artery, and that means the end. If the artery is very fine he has what we call a heart attack, and takes care of himself, but if it is a big one then, of course the attack is severe enough that it kills him immediately.

The other guards who were there give practically the same evidence as Robinson. After hearing the evidence the jury brought in this verdict:

We find that convict Samuel Behan came to his death from natural causes, namely, coronary thrombosis, a condition which it is not possible to previously detect, and that nothing further could have been done, in the opinion of the jury, to save his life.

That was the finding on the evidence taken at the coroners inquest which was held in connection with the death of this convict.

Miss MACPHAIL: I want to be sure of the dates. The paddling of Behan took place on May 4?

Mr. GUTHRIE: No, May 14.

Miss MACPHAIL: And when did he die?

Mr. GUTHRIE: May 26.

Miss MACPHAIL: Is it usual for wardens to be so lenient? After they have pronounced sentence of twenty strokes, is it usual for the paddling to cease after the fourth stroke?

Mr. GUTHRIE: Yes. I have known a great many instances that have come before me where, after two, three, four or five strokes the remaining strokes have been held in suspense, and as a rule they are not given afterwards because good behaviour usually follows. In this instance it was at the end of the fourth stroke.

Miss MACPHAIL: According to the new regulations, commented upon very favourably by the minister the last time we were debating this question, paddling is no longer allowed on command of the warden but only after consultation with the Department of Justice. Was convict Behan paddled before or after consultation with Ottawa?

Mr. GUTHRIE: After. All cases are now submitted to headquarters before paddling or strapping can take place. The evidence is also submitted.

Miss MACPHAIL: After May 15 and until May 26, the day on which he died, was he confined to the isolation cell in which he slept on the floor or was he in his own cell?

Mr. GUTHRIE: He was in the punishment cell under the keeper's hall.

Miss MACPHAIL: That was between those two dates. Had he been in the punishment cell prior to the fifteenth?

Mr. GUTHRIE: From the night of the third he was in there.

Miss MACPHAIL: I am sure the minister must have felt the death of Sam Behan under the circumstances. The report is elaborate but it does not convince me that Sam Behan was known to be a perfectly healthy man. We know all about the clergymen who went through the penitentiary and said that everything was all right; but the conduct of the penitentiary since that time has shown clearly that everything was not all right so that the jury's report does not mean as much as it might have meant before that occurrence. In the judgment of Judge Deroche in the case of Rex versus Kirkland, Behan was spoken of rather well in connection with the riot. On page 7 we find the following:

> Two men, Garceau and Behan, addressed the crowd and told them to do no violence or injury to property.

That was brought out at least twice. It may be that Behan's death came unexpectedly and that nothing could have been done to save him, but as a member of this house I do not feel comfortable about it, when we know that he was paddled very shortly before his death, that he was in an isolation cell at the time of his death and that he did not have attendance, which might of course have happened to anyone. Coming as it does after the very real difficulty in both Kingston and St. Vincent de Paul, it seems to me to be one more strong argument in favour of a careful and impartial investigation into the conduct of our penitentiaries.

There were several other things I wanted to ask the minister. I understand that a very large number of men, thirty-six, I believe, were paddled just after the visit of the governor general to Kingston. There was some sort of demonstration in the penitentiary, a flooding of the whole ground floor, due I believe to an incident within the penitentiary; but possibly the official mind, which works in a peculiar way, may have associated this with the official visit. From the information I have I should judge that the visit of His Excellency had nothing to do with it, but afterwards thirty-six men were paddled. Things may have gone very badly at the penitentiary, discipline may have broken down entirely, but I am not at all convinced that the paddling of thirty-six men, wholesale punishment in this way, will accomplish very much. Did consent for the paddling of these thirty-six men come from Ottawa or was it done on the warden's initiative?

Mr. GUTHRIE: On the date in question the governor general happened to be at the military college in Kingston, and word in some way was received amongst the prisoners that His Excellency was in Kingston and a communication was passed around, a copy of which was obtained, informing certain of the prisoners that this would be a good day to put on a demonstration. On the evening of that particular day, which I believe was the beginning of May or the end of April, a very noisy outbreak took place. It started with the rattling of trays or aluminum dishes and the flooding of as many cells as they could possibly flood in certain tiers of the building. It was a very noisy demonstration indeed. I do not want to give the names of the various prisoners, but twenty-two were awarded corporal punishment. The doctor pronounced two of them unfit and the rest were sentenced to various numbers of strokes. The first one was sentenced to twenty strokes and eleven were administered; the second was sentenced to twenty strokes and twelve were administered; the third was sentenced to twenty strokes and twelve were administered. The next was sentenced to twenty, twelve strokes administered; the next to twenty; fifteen strokes administered; the next to twenty, seven strokes administered; the next to twenty, fourteen strokes administered; two were pronounced medically unfit; the next to twenty, six strokes administered; the next to twenty, twelve strokes administered; the next to twenty, nine administered; the next to twenty, five administered; the next to twenty, twelve administered; the next to twenty, eight administered; the next to twenty, twelve administered; the next to twenty, fifteen administered; the next to twenty, twelve administered, and the next to twenty, fifteen administered. That concludes the list, but I notice there were five pronounced medically unfit and the strokes were not administered.

Miss MACPHAIL: Was the department in Ottawa consulted?

Mr. GUTHRIE: Yes, and the evidence was submitted before the administration of the strokes.

Miss MACPHAIL: I read in the daily press, I think it was the Toronto Daily Star, of an incident which occurred a week or two ago and which seemed to me to be rather absurd. This article stated that the Reverend Major W. E. Kidd, the Protestant chaplain, had been protected with guards while preaching to the convicts. That struck me as being very peculiar. I cannot conceive of anyone preaching the gospel of love under the protection of armed guards. I cannot see that that would do the prisoners much good, I cannot see that it would do the preacher any good and it causes a lot of trouble for the guards. I was wondering if we could not do something about it, either not have a sermon or else have one preached by a man who believes in love to the extent that he is willing to stand upon the power of love without any other protection. I do not know how much of this report is true, and perhaps the minister would like to make a statement. I was very much interested in reading that the Reverend Father Kingsley refused similar protection. A sermon by such a man might do the men some good, but unless we intend to make our penitentiaries simply whipping institutions and places of vengeance, we should try to get these things in harmony. It is not possible to bring people to an understanding of the gospel or philosophy of love at the point of a gun. If a minister preaching the gospel of love believes in it he will not need any protection; if he needs protection as badly as that, he had better not be exposed to danger.

Mr. GUTHRIE: I think I am correct in stating that from time immemorial in the penitentiaries of Canada, Great Britain and the United States guards have been present in the chapels at both the Protestant and Roman Catholic services. They are very necessary. No one should go away with the idea that we just have a crowd of children and innocents in these places. There are two opinions in connection with attendance at chapel. Many prominent people, including ministers of the gospel, have written to me that they think the religious services in the penitentiaries might well be dispensed with. Some suggest that at all events attendance should be optional. At the present time attendance at chapel is compulsory and there is no doubt that many of the prisoners resent this. As one divine told me, they must accept it as part of the punishment. There is an element of danger in the chapel. It is about the only time the prisoners congregate in large numbers. Many of the disturbances which have occurred in penitentiaries in Great Britain and the United States and some that have occurred in Canada have been hatched or concocted in the chapels. You have five or six hundred men, many of whom are desperate characters, congregated together with thirty or forty guards. It would not be a very hard thing for such a number of men suddenly to overpower the guards. Reverend Mr. Kidd is a returned man. He is an estimable chaplain and one of the outstanding men in the service. He is a fearless man; he was decorated in the war and I do not think for one moment that the guards were placed there at his request. The guards are there whether or not he likes them, for the protection of the institution.

Miss MACPHAIL: Was there not a particular instance recently?

Mr. GUTHRIE: Not that I am aware of.

Miss MACPHAIL: Is it not true that part of the wall between the chapel and the room adjoining was broken down and a heavy guard put behind this opening, quite observable by everyone in the room? I am given to understand that that is true.

Mr. GUTHRIE: There was an extra number of guards placed at that particular point on May 11. This was the time when we were anticipating trouble which unfortunately came.

Miss MACPHAIL: I should like the minister to say something about the fire and the resignation of Warden Megloughlin.

Mr. GUTHRIE: The fire at Kingston penitentiary took place on May 15. It was discovered between 4.35 and 5 o'clock, at the closing of the prison. An incipient fire had been discovered in the kitchen three days before, but it did not amount to much. When discovered it was easily put out. Punk had been ignited and placed in oiled paper and put away at five o'clock, but it was discovered in time and no real damage occurred. On May 15 a fire occurred in the change room. This is part of the prison where the men's wearing apparel and extra clothing is kept. The fire broke out between 4.40 and 4.50 in the afternoon. At the same time another fire broke out in the carpenter shop, some distance, about seventy or seventy-five feet away from the change room. The fire in the carpenter shop was discovered by one of the guards and without any very great difficulty and with an extinguisher was put out. The fire in the change room had become a serious blaze before

it was discovered. The men had been marched out of the change room about twenty minutes before the fire was actually discovered; the door had been locked and the men marched out to their cells. When this fire was noticed through the smoke occasioned by it, the door was opened and there was a great conflagration in the room at that time.

Unfortunately, at that hour of the day, five o'clock, when the men are returned to their cells, it would be a natural thing for them to wash, but the effect of that on the water supply was very serious, reducing the supply to about fifty per cent of the normal pressure and interfering very greatly with the extinguishing of the fire. That may have been a coincidence. If you take one thousand faucets and start them all running at the same time you may seriously reduce the water pressure; at all events, the water pressure was seriously reduced. It became necessary to send for the Kingston fire brigade which came to the scene as rapidly as possible and after a considerable amount of difficulty the fire was extinguished. The loss on this occasion has been serious. The loss in the riot of two years ago which was looked upon as a serious one was only about $3,000. I regret to say that the loss by fire has reached about $35,284 including loss of machinery and of buildings, but the largest item is the loss of clothing and equipment for prisoners.

A very full investigation was held, but according to the report that has been placed before me, the inspector who conducted the investigation is unable to say who started the fires. He has reported that the fires were of an incendiary nature. They started at approximately the same time in the two buildings just as the men had been marched from the different buildings to their cells. It is supposed that the fires were started either by mechanical cigarette lighters called "punk" lighters or what the prisoners refer to as "the works," operating with a bit of flint and a bit of punk, or else by a piece of candle which may have been stolen from the chapel and which could have been placed under the tables at the end of the change room and well concealed and which probably in fifteen or twenty minutes would result in a blaze. But there is no conclusive evidence so far as to who actually set fire to those premises. The damage, as I say, is considerable, but we have not been able to fix guilt on the culprit.

Miss MACPHAIL: The minister has not answered my second question: Why did Warden Megloughlin resign?

Mr. GUTHRIE: Well, he resigned. Perhaps we might find out more if we asked him.

Mr. LAPOINTE: Coincidence.

Mr. GUTHRIE: I shall, however, state the case quite frankly. Warden Megloughlin was appointed temporary warden at the time of the riot in the institution in October, 1932. There is power in the Penitentiary Act in an emergency to appoint a temporary warden, and he was appointed temporary warden by the superintendent. Subsequently his position as warden was confirmed and he was formally appointed by the civil service commission. He has now served in the institution from October, 1932, to the fifteenth of the present month of June and I must say that he has had a rather desperate experience in that penitentiary. He has had a very difficult crowd of convicts to deal with: insurrections and riots have from time to time been planned; some of them to a small extent have been carried out and I do not believe during all that period there was a moment of time when he could say that he was safe or that his life was not in actual danger. But he is a fearless man and probably did his best to conduct that institution according to the rules and regulations and to run it as a prison or penitentiary should be run. But after an experience of, say eighteen months, I am sorry to say that the condition was not satisfactory; quiet had not been restored; outbreaks or threatened outbreaks became of almost monthly occurrence. Letters and communications were intercepted occasionally showing the plans that were to be undertaken, naming some outside sympathizers as ready to applaud another insurrection and stating that some of the newspapers were behind them.

According to the best estimate we can form there are not more than one hundred insurrectionary spirits, pretty desperate men, in that institution; from the reports I gather, out of the 1,000 in the institution, about one hundred may be considered dangerous insurrectionists. There is still quite a proportion who live in fear and trembling and who are willing to join in any insurrection, who are afraid to stay out. There have been assaults of a very vicious kind on some of the prisoners who had not thrown in their lot with the more noisy and dangerous element, but by far the largest proportion are peaceable, well-meaning prisoners and the situation for those people is very inconvenient, very unpleasant and, to some extent, perhaps dangerous also. Those prisoners must be controlled and there is an element there which will not obey. If they are

ordered to do work of certain kinds; ordered to any kind of duty, they positively refuse. Their language is bad, disgraceful, but their refusal to obey orders must be attended to.

In the last analysis there is only one course you can take and that is the application of physical force, otherwise your penitentiary is out of control. I am sorry to say that since the first of January prisoners who had been accorded in the last two years very many favours as compared with those enjoyed in the penitentiary for forty or fifty years, continued to demand more and more, and the noisy or the dangerous element continued to make plans to have another rebellion or insurrection of some kind. A year and a half, or nearly two years ago, we gave them certain liberties which they had not theretofore enjoyed; one of them was outdoor exercise. This developed into baseball, handball. It developed into Sunday games; schedules were arranged for games for prisoners' teams to take place on Sunday afternoon. This spring the matter was greatly to the annoyance of certain residents in the neighbourhood of the penitentiary, and complaints were made.

Mr. LAPOINTE: What sort of complaints?

Mr. GUTHRIE: Of the noise on the Lord's day when church service was going on. Baseball was being played, and the people did not know it was baseball; the noise and the shouting were so great that they thought it was another riot. Smoking was another privilege not originally given in 1932 but extended in regard to the smoking of cigarettes. But there is a very positive regulation that no smoking shall be allowed in any place where there is any combustible material. That regulation I found was being very largely disregarded by the prisoners. It has been suggested that perhaps some of the fires may have been started by cigarettes, but I do not know what the truth is in regard to that. But smoking in the shops where there was combustible material was becoming very prevalent, and it became apparent to me and to others who reported to me that the prisoners were rapidly getting out of control. Under these circumstances I sent for the warden and had considerable discussion with him on the morning of the fourteenth instant. I explained to him the situation. I cannot say that I could blame him very much under the circumstances, because as I said he has had a very trying experience there for eighteen months.

Mr. SANDERSON: Did the minister ask for his resignation?

[Mr. Guthrie.]

Mr. GUTHRIE: I suggested to him that I was determined upon making a change. He immediately said that he would like to consider the question of tendering his resignation. "Well," I said, "you must understand that I am determined to make the change." He asked for two or three hours to consult friends in the city, and he came back at half past three and said that he had thought the matter over and discussed it with his friends and had decided that he would tender his resignation. But I had intimated to him in the morning that I was determined to make a change.

Mr. MACKENZIE (Vancouver): Has he asked for an investigation since then?

Mr. GUTHRIE: No, there has been no request for an investigation. He discussed that question with me briefly, and I received a letter from him yesterday intimating that perhaps some investigation should be held, but he is to see me again to-morrow or some time when I can conveniently see him and discuss the matter further.

Mr. SANDERSON: Before the warden came to see the minister at his request was there a report from the superintendent in regard to the warden?

Mr. GUTHRIE: Yes, and from others.

Mr. SANDERSON: Did the superintendent recommend his resignation?

Mr. GUTHRIE: The superintendent made no recommendation, only a statement of facts. The chief complaint was the failure to enforce the regulations of the penitentiary. I could name a good many instances in which that failure took place. I do not know that it was a very easy task for anyone, or that anyone could have performed it. In the meantime I have placed in temporary charge of that prison a man who has had considerable prison experience, the warden of Collins Bay.

Mr. LAPOINTE: Who is in charge now?

Mr. GUTHRIE: Mr. Allan, the warden at Collins Bay, has been transferred to Kingston.

Mr. WOODSWORTH: Would the minister make a statement regarding the assertion made at the trial at Toronto that Tim Buck was shot at while in his cell?

Mr. GUTHRIE: I think I can absolutely deny that Tim Buck was shot at. But I must admit that a number of shots were fired in his cell. That occurred during what we called the great riot of October, 1932, at a time when there was general confusion in the institution,

when the military had been called in for the purpose of quelling it, when the larger number of prisoners amongst whom was Tim Buck, had been marched to their cells. The guards were armed and the military were armed. The situation was exceedingly serious, and Tim Buck was one of those who were encouraging the disorder. At the door of his cell he was making speeches and encouraging the rioters, and for the purpose of frightening him, I suppose, or cowing him, certain guards fired into the ceiling in his cell. There can be no doubt that if any man had wanted to shoot Tim Buck he could have done so. The very fact that ten or eleven shots were fired and there was no harm to Tim Buck shows that they were not trying to hit him. He was there for anybody to shoot. But he was one of those who were encouraging the riot and aiding and abetting the rioters, and was one of those who were convicted for it by the county court judge when he was tried at Kingston. He was not injured by any shots, but shots were fired into his cell, and the reason for it was that he was taking an active part in encouraging the rioters.

Mr. WOODSWORTH: The hon. member for Southeast Grey (Miss Macphail) has made an appeal that there should be an independent and very impartial investigation. It seems to me that that is a reasonable request. I think that people from all sections of Ontario and from outside of Ontario have felt that the time has come when a departmental investigation is not sufficient. I myself have no personal knowledge of conditions in Kingston penitentiary, but there was sent to me a few months ago a copy of the Chronicle-Telegraph of Quebec of July 17, 1933, in which I find a report of a sermon preached from the pulpit of St. Matthew's church by the Venerable F. G. Scott, C.M.G., D.S.O., archdeacon of Quebec, in which he called earnestly upon the federal government to name a royal commission to investigate Canadian prison methods and particularly the conditions which recently provoked rioting in Kingston penitentiary. He declared in the course of his sermon that the brand of shame rests upon the Department of Justice, and because of this he had been forced to raise his voice from his pulpit against this public scandal. According to the report, much of the archdeacon's sermon consisted of the reading of a letter written by Major W. M. Nickle, of Kingston, Ontario, who was defence counsel for one of the rioters at Kingston, in which startling allegations of ill treatment were made. The report includes the text of the letter written by Major Nickle of Nickle and Farrell, barristers, of Kingston, Ontario. This firm had undertaken the defence of Murray Kirkland, accused of rioting in the penitentiary last October.

I understand that certain minor changes have been made since that time, but I am informed that no fundamental changes have been made. So it does seem to me that it is obligatory upon the Department of Justice to make a categorical denial, if such can be made, of any of these charges of Major Nickle. In any case the obligation rests upon the department to show reason why there should not be a thorough-going investigation by an impartial commission.

This is the letter, which I should like to read:

Kingston, July 12, 1933.

My Dear Colonel Scott:

I remember meeting you on a number of occasions in London after my appointment in March, 1918, as private secretary to our mutual friend, Sir Richard Turner.

I was associated with my father in the trial of Rex v. Murray Kirkland who was charged with rioting in the Kingston penitentiary, October, 1932. The trial judge was His Honour George E. Desroche of Belleville. The trial lasted nine days, when the whole history of the Kingston penitentiary was thoroughly gone into to ascertain the cause of the disturbance of October 17, 1932. Having read your article in the Toronto Star, a copy of which is enclosed herewith for your information, I thought you might be interested in getting a little further information about the Kingston penitentiary.

At the Kirkland trial we proved, on behalf of the defence, and our allegations were not contradicted by anyone, the following facts:

(1) Underneath the keepers' hall at the Kingston penitentiary below the level of the ground there is what is called the "hole," a little place with eight cells where at certain periods men have their hands raised above their heads and are shackled to the bars, and are confined for seven or fourteen days and fed on bread and water. Outside of each cell gate is a heavy wooden door with four or five holes for air about the size of your thumb. When these doors are shut there is no other ventilation. As there are no proper sanitary arrangements, it follows without detailed comment that the air is foul to a degree. The time that men are shackled to the bars is 8 a.m. to 11.45 a.m. and from 1 p.m. to 4.30 p.m.

Let me pause for a moment to say that these are very definite charges made by a reputable man who has intimate knowledge of the facts whereof he speaks.

(2) For the most trivial offences, such as talking in the cell range men were paddled or spanked with a leather strap 3½ feet long, 3 inches wide, ¼ inch thick, and in the strap there were 30 holes. If you were not particularly liked by any guard, the custom was to soak the strap in water over night and then

paddle the man in the morning. The man's ankles before being paddled were shackled to a table, like a kitchen table, after his feet had been strapped apart, and his ankles made fast with straps. The inmate was then bent over the table, his arms stretched out, his clothes removed and he was blindfolded. The soft flesh would go in the holes in the strap, and if the strap was pulled the least little bit, bits of the flesh would be torn out of the body and when the strapper had finished his work, the inmate still bleeding, would be sent to the "hole," sometimes to be shackled to the bars, and sometimes just to be fed on bread and water. Inmates gave evidence and showed scars on their body from paddling which took place months ago.

To-night we have heard that this punishment is still in vogue, that men were sentenced to twenty strokes of the paddle, with some of them receiving as high as fifteen strokes. We also heard that one of the reasons for paddling, for this form of cruelty—I think we call it nothing else—was simply disobedience to certain discipline, with no great moral crime involved. I quite recognize that it may be necessary to have discipline in any institution, but I do submit that cruelty of this kind savours more of medieval inquisition days than it does of modern life.

(3) Syphilitic inmates with running sores and other such patients are admitted to the hospital. These dangerous cases and all other patients bathe in the same wash tub, the same tub being also used to wash the dishes of the patients in the hospital three times a day.

Mr. MULLINS: That is not correct. I looked into that very carefully, and the hon. member has no right to read that.

Mr. WOODSWORTH: I submit that, however estimable my good friend from Marquette may be, the writer of this letter knows the conditions in Kingston penitentiary a great deal better than he does.

Mr. MULLINS: For your information I may say that I spent some time there with a prominent clergyman from the city of Toronto, who went with me. There was no window dressing: I looked into all those conditions which the hon. member is taking up the time of the house reading about, and what he says is absolutely untrue.

Mr. WOODSWORTH: Perhaps my hon. friend will permit me to finish reading this letter, which I say came from Major Nickle, who was present at the time of this trial. I take it that he knows the conditions whereof he speaks.

Can you imagine anything more disgusting and shocking?

(4) Two or three boys who were sent to penitentiary at the age of fifteen for three to seven years were put to work with "lifers," in other words, men who had been charged with murder or some other very serious offence and had been given life imprisonment. We can imagine the result of such contact upon the character of the boys.

(5) It was proved conclusively that there are only three shops that are any good at all at the Kingston penitentiary from the point of view of teaching an inmate a trade—the machine, engineering and carpentry. These three shops can only look after 125 men, there are over 900 inmates in the penitentiary. The result is that about 800 men are doing time and not learning a trade. At the end of their sentence, they are turned loose in society, and find themselves as many years backward as they were in the Kingston penitentiary. The inevitable happens and they go back to the penitentiary.

There is an inmate by the name of John O'Brien who was suspected of conspiring to escape on the poor allegation of a letter sent by one inmate to a warden, implicating O'Brien. O'Brien has been in solitary confinement in the prison of isolation since August, 1931, and has never been charged or tried on the charge of conspiracy to escape.

I pause for a moment, Mr. Chairman. It seems almost inconceivable that such a situation could develop, with this man O'Brien in solitary confinement in the prison, isolated, since August, 1932, yet he has never been charged or tried on a charge of conspiracy to escape.

O'Brien had on each side of him two raving inmates, one completely crazy and the other a drug addict. I subpoenaed the crazy man to try to show to the court what was going on, but the Department of Justice got rid of him three or four days before the trial.

Mr. CANTLEY: I rise to a point of order. I have always understood that it was contrary to the rules of the house to read extensively from newspapers.

Mr. WOODSWORTH: There is nothing in the rules to prevent my reading some facts.

Mr. DONNELLY: Would the hon. member say what he is reading from?

Mr. WOODSWORTH: The Quebec Chronicle-Telegraph of July 17, 1933. This is not newspaper comment.

Mr. GUTHRIE: Let him go on; go ahead.

Mr. WOODSWORTH: I continue to read:

When I became interested in the convict trials, I realized that every man was entitled to a fair trial. I attach a clipping from the Whig-Standard which will prove to you conclusively that the Department of Justice did not want a fair trial, and certainly did not want the disclosures made public which have since come to light.

Prior to October 17, there was a silent rule for convicts which read as follows: "Every convict shall observe silence and shall not hold communication with another convict. He shall not look at a visitor or speak to him. He shall

only hold communication with the officer in charge of him 'on matters connected with his work'." Let me say here, while it occurs to me, that the inmates were only given 20 minutes' exercise a day, walking in a circle round the bull ring. All the complaints, brutality and treatment complained of in the Kirkland trial were made known to the authorities at Ottawa in September last year. No action was taken until after the disturbance. This is what has happened since. The men are allowed to speak to one another. They are allowed to play baseball and laugh for half an hour a day. They are given cigarette papers for their tobacco instead of using makeshifts. No man is shackled to the bars now and no man is paddled without the approval of Ottawa. The hospital conditions remain the same.

John O'Brien is still in solitary confinement and has not yet been tried.

I went to the war as a private in 1915. I happened to come back a major. I was wounded three times. I had several operations as the result of wounds. I fought for the best tradition of the British Empire and I am frank to say to you that, within one mile of this office is the dominion penal institution known as the "Kingston penitentiary." It reeks with discontent and rottenness. It is an institution that is a disgrace to this country and I am glad that citizens like yourself are beginning to realize that the inmate of to-day is the citizen of to-morrow and entitled to be treated as a human being.

Christ is not a living power in the life of the inmate at the Kingston penitentiary to-day. What is needed is a royal commission to investigate the hideous cruelty suffered by the helpless individual, a ward of this country, confined behind the silent walls of the Kingston penitentiary. The authorities, as far as I can learn, are taking no action to better these conditions. What is needed on the commission are outstanding Canadians of a broad mind and a courageous character to look into the situation which has stirred up decent thinking Canadians as a result of the shocking disclosures.

In closing let me say that, in my judgment, it is ridiculous to try men for what they did and punish them further when you take into consideration the fact that things after the disturbance, to a small degree, from the point of view of privileges were made better.

The people who should be prosecuted are those in authority.

I have written you at great length; I trust you will find time to read this letter, and I hope that you will raise your voice to see if something cannot be done for the inmates of our penal institutions. Because I realize that, if you do speak, the men of the Canadian corps, the soldiers of yesterday, the citizens of to-day, will take heed of your words, and perhaps something will come of your efforts.

Believe me,

Yours sincerely,

(Sgd.) W. M. Nickle.

Some hon. gentlemen seek to interrupt by banging their desks and calling "carried."

Mr. DUPUIS: Why do you not impose the penalty of the paddle?

Mr. WOODSWORTH: Some seem to think that this matter is a great joke.

Mr. CANTLEY: It is an outrage.

Mr. WOODSWORTH: I submit that this situation as it exists to-day is, as the hon. member for Pictou has said, an outrage.

Mr. CANTLEY: It is, on your part.

Mr. WOODSWORTH: I say that when a man of the standing of Mr. Nickle writes in this way—

An hon. MEMBER: Sorehead.

Mr. WOODSWORTH: —and when his letter is read during the course of a sermon in St. Matthew's church by a man respected by all Canadians, The Venerable Archdeacon Scott, and when it is published in a newspaper with the standing of the Chronicle-Telegraph of Quebec, it is time that the situation came before the House of Commons. I have not much further to say, but I could not do better than to continue the plea made by Archdeacon Scott. He states:

At the end of September, 1930, we had 11,223 persons in prison in various jails and penitentiaries. On September 30, 1931, we had 12,441 prisoners, an increase of 1,218 persons in one year. The numbers since have gone up and are still going up.

If we look upon crime as a moral disease, we must feel that there is some centre of evil in our national life which has to be seriously attacked, and if possible eradicated. If a bodily disease breaks out among our people, all best medical minds and skill that the nation can command are called upon to combat it. Whence has come the failure in our fight against the moral disease of crime?

And one further sentence only:

Broken lives, immortal souls, whom the church has failed to reach, are broken further and humiliated, in their last chance given them for reform.

I have said that I have no personal knowledge of the conditions in Kingston penitentiary. The great majority of the public cannot have any personal knowledge, but I do believe that the general public is entitled to have firsthand knowledge from a competent and impartial board of investigation. The fact that we have had these troubles, as the minister himself has admitted, extending over years, and that within recent months there have been very serious troubles, are evidence sufficient to warrant our asking for an impartial investigation. Further than that, I think we must admit when we have so many of these men coming back again and again to the penitentiaries that there is something wrong in the treatment which we are giving them.

An hon. MEMBER: They must like it

Mr. WOODSWORTH: And so I simply pass on the appeal by Archdeacon Scott, one which I know is echoed by a great many Canadians throughout this country, asking that the government give us this impartial investigation.

Mr. ROSS: I am not so much interested in the particular matters to which the hon. member (Mr. Woodsworth) has just referred. I regret that I missed the opportunity some time ago to continue my remarks, which were cut short by my engagement in the election campaign of the last two weeks. I must thank the Prime Minister (Mr. Bennett) for the opportunity to complete what I began on a former date. On that occasion I spent most of the time in showing that the reforms which had been obtained were obtained through outside interference. That was principally in answer to newspapers who had been decrying the matter of outside interference in penitentiary affairs. It was also an answer to the selected visitors who had gone through the penitentiaries, and had made favourable reports. I am not very much concerned with the internal administration, because I think the department should be able to obtain a man who would bring order out of what the minister has now described as a state of great disorder. In the face of a certain amount of criticism opposed to a certain amount of whitewash we get nowhere. The remarks which have been made through the medium of the press and by visitors to the effect that those of us who have some criticism of the system, and not particularly against the administration by this or that official, are preaching leniency does not in any way affect me. I am for punishment and I am also for control of these institutions.

I should like to deal with basic conditions, the conditions which lie at the bottom and foundation of our penal system. The Prime Minister has well described the functions of the penitentiary as being threefold, first that they have to do with detention, for the safety of the state; secondly, detention to deter crime in others and, third, for reformation. These are the three concise and concrete functions outlined by the Prime Minister, and I believe they express adequately what should be the functions of penitentiaries. If those are the functions, I can conclude only this, that the system is ancient, that it is antique and bewhiskered with age. I say that it has failed in this threefold function. It is quite true that we have detention, there is no doubt about that. But as to the features of deterrence from crime and reformation, the system has failed absolutely.

[Mr. Woodsworth.]

I should like to draw the attention of hon. members to some statistics, because in matters of importance we have to go outside the reports. I believe the last report was about the poorest one which has been made by a superintendent. My figures are those for the year 1933, and I should like the house for a few moments to take note of what the system has accomplished. We find that of the 4,800 prisoners the first offenders amount to 37 per cent, second offenders 21 per cent, third offenders 14 per cent and those with four or more offences 22 per cent. In other words, the oftener a man goes to penitentiary the greater is the likelihood that he will continue going, and to my way of thinking if that is the conclusion which must be drawn after all these years of administration the system has failed. The superintendent states that there have been ten years of maladministration, and I leave that to the former and the present Minister of Justice to explain. I think however it is a pretty hard crack to say that there have been ten years of maladministration and inefficiency. I would point this out, however. When you analyze the population of the penitentiary and find that only thirty-seven per cent of that population are first offenders and that twenty-two per cent are fourth commitments, then I say that the system is not showing results. It has been said that those who go to the penitentiaries are the unemployed. Again, I have not time to take you into statistics, but you will find that even that criticism is not borne out.

Mr. MERCIER (St. Henri): If it is a failure, what do you suggest?

Mr. ROSS: If the hon. member will listen long enough I will come to my suggestion; let him be a little patient. The unemployed are not by any means the great mass of the population of the penitentiaries, because most of these men have been in employment of some kind or other. Then we come to the boys and the youth. There are about 109 boys in the penitentiaries, and 44 per cent of these are first offenders. Of boys between the ages of 18 and 21 there are 730, and about 40 per cent are first offenders. It has been claimed that the boys in there come from homes. Again, the statistics do not bear that out. The smallest percentage of these boys in the penitentiaries are from foster homes, and the great percentage are from homes where there are father and mother. The conclusion I leave to hon. gentlemen.

My hon. friend asks what I propose. I will ask the committee to bear with me patiently

in this matter. I speak only for myself but I am speaking after years of close study of the penitentiaries. In the first place, for years the superintendent's report has suggested that there should be segregation, and that suggestion has been ridden to death. But there are one or two respects in which there should undoubtedly be segregation, and the minister's statement to-night will lead us to a few conclusions in this matter. First of all, there should be segregation of mental cases. The one official who is absolutely necessary to this system is the psychiatrist, but when you read down this list of officials you will find that the two important ones are left out. There are superintendents, wardens, inspectors, chaplains, but there is no psychiatrist at all in connection with these institutions. The study of the mental condition should begin away back in these cases. Boys are taken there without examination, and after the last trial a very vigorous campaign was put on to weed out a lot of the mental cases. The situation in regard to mental cases has been a very bad one for years. Whenever a crisis occurred cases would be examined and they would be sent over to the provincial asylums. Now, the provincial asylums are not prepared to deal with the mental criminal, and as a result he very often escaped and was at large. But I want it to be understood that a large percentage of the population of the penitentiaries to-day is attributable to the mental condition of the inmates, and there has been no scientific, no advanced method of dealing with them. The man who should be able to take charge in this respect and make recommendations cannot be found on the staff.

Let me pass on to the second phase of this matter, and that is in regard to the boys. I have been engaged on this for some time. I think it is a crime that a boy should be in a penitentiary, and yet if you study the law as it stands you will fail to understand why it is that white men should have on their statute books any law which permits the incarceration of boys. I am opposed to the incarceration of the boy if it can be prevented, as I think it can, and I will make a suggestion or two in that regard before I am through; because when the boy is released from the institution, no matter whether it be a reformatory or a penitentiary or a prison, there is no place for him in society. There is no way in which he can obtain a position and be restored to a place in society. I leave that statement to the house and the public and ask whether there is any way in which the boy, once he is marked by incarceration, can be returned to society. Visitors have gone through the penitentiaries and made reports on the food and on the conditions, but they fail to tell you of the food that the boy is feeding on in these institutions. I will give you an example without mentioning any names—convict No. so and so, an inmate of Kingston penitentiary. This man was sentenced for life to that institution for assaulting a little girl of nine, and when he could not accomplish his purpose he tied the girl and then cut her. That man was in the institution, and was paroled after nine years, and he is back to-day on a similar charge. Imagine a boy sitting beside this kind of animal, feeding on the sort of food that is given to him by moral perverts. I could give you similar cases. How can that boy, after years of such confinement, find a place in society? Since I took this matter up in regard to the incarceration of boys in these institutions, I must say that within the last year we have made some advance. The Minister of Public Welfare in Ontario has stated that the age should certainly be raised from sixteen to eighteen. With that we cannot agree. A boy of eighteen has yet to be defined from the point of view of mental condition; he may be a boy of ten years mentality, whereas a boy of thirteen or fourteen might have the matured mentality of a man of twenty-five. I have been in correspondence with many magistrates on this phase of the subject, discussing this difficulty. Listen to some of the statements made by some of these magistrates:

> As I have often pointed out to you, a boy under sixteen is met with the arbitrary provisions of the prison and reformatory act.

You will see, Mr. Chairman, that this matter is complicated. It is not only a federal but a provincial matter. I am trying to get down to basic facts and arrive at something of a corrective nature with regard to these institutions. The letter continues:

> If section 30 of this act means what it says, the magistrate is at times faced with the heartbreaking alternative of sending a boy of tender years to the penitentiary or of ignoring the act and sending the culprit to some other institution.

The law as it stands to-day is that a boy under sixteen years who commits certain crimes must necessarily be sent to the penitentiary, while if he is over sixteen years of age the magistrate has the alternative of sending him to the reformatory. Is that law one which we want to stay upon our statutes? Since this matter was last up the magistrates now have another alternative and they may send the boys to the reformatory. The letter continues:

> This is the age of the automobile with all the opportunities for pleasure and the resulting temptation never before experienced. He

himself is like a high powered car with unbounded energy and a not too great sense of responsibility. Like the auto he has unbounded opportunities for good if properly controlled but unlimited opportunities for evil if not controlled. When the magistrate has to act he is like a surgeon who has to perform a delicate operation with inadequate instruments. The problem is very great and I am afraid I cannot see the advantage of raising the juvenile age from sixteen to eighteen. In the first place, an increase in the age would not affect the duty of the magistrate to try them of any age for indictable offences if he were so charged. When the institution for the juvenile is the industrial school and you have children as young as eleven and eighteen year boys together, the evil influence on the tender boy by the older and more experienced one would be anything but good for the former.

He concludes with this important suggestion:

There is no doubt that all criminals should be classified and every criminal should be subject to careful physical and mental examination and should be dealt with in accordance with those. I am sorry that magistrates are not allowed wider discretion in the use of the strap. I cannot understand why the perforated paddle with its possibilities for serious injury should be allowed.

A boy may be committed for six months to a reformatory or industrial school. If he runs away, as most boys will, the arbitrary sentence is two years in the penitentiary. We have to-day in Kingston boys who have served six years for a six months' commitment. I think the boy should be treated provincially and by his own institution; he should not be incarcerated in a penitentiary for running away. When a boy had done two years you would think that that was sufficient punishment, but he is returned through the gaol to the reformatory to complete his six months' commitment. This is a serious matter. Since I have taken up this problem I have had the most interesting correspondence with many magistrates. I heard from one who had dealt with thirty-two cases concerning boys and of those thirty-two cases, sixteen were for offences under the highway traffic act. The magistrates have been following the letter of the law and these boys are in the penitentiary at the present time. They are in touch with murderers, moral perverts and other prisoners of the type to which I have referred already. The only result is injury to the boys. Last year I referred to a boy named Bill who had been committed when only fifteen years of age. He knew nothing about law breaking and he was not a bad boy in the sense of the word. However, as a result of being once committed to the penitentiary he is now serving his seventh commitment in that institution. I am opposed to boys being sent to the penitentiary. I may be asked what I am going to do with these boys. Last year the former Minister of Justice (Mr. Lapointe) said that they were very bad boys, but as a result of the system and the treatment they have received they have become much worse. Many of these boys become recidivists even although their parents stuck to them during their confinement. My suggestion is that the boys should not be placed in the institution. This problem became serious in England and they took many of these boys and put them in the navy. The result was that many of them came out very fine men.

[Mr. Ross.]

Progress reported.

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

Tuesday, June 26, 1934

The house met at three o'clock.

REPORTS OF COMMITTEES

Fifth report of the select standing committee on agriculture and colonization.—Mr. Senn.

Ninth report of the select standing committee on banking and commerce.—Mr. Hanson (York-Sunbury).

First report of the joint committee on printing of parliament.—Mr. McLure.

STOTLAND DIVORCE BILL

Mr. E. R. E. CHEVRIER (Ottawa) moved:

That Bill Q2 of the Senate for the relief of Hyman Stotland, the preamble of which has been reported not proven by the select standing committee on miscellaneous private bills, be placed on the order paper, under standing order No. 111 for consideration in committee of the whole of this house at eight o'clock p.m. this day.

Motion negatived.

DOMINION NOTES ACT

Right Hon. R. B. BENNETT (Prime Minister) moved the third reading of Bill No. 110, to amend the Dominion Notes Act.

Motion agreed to and bill read the third time and passed.

PUBLIC WORKS CONSTRUCTION ACT

Hon. H. A. STEWART (Minister of Public Works) moved the second reading of Bill No. 113, to provide for the construction and improvement of certain public works and undertakings throughout Canada.

He said: Mr. Speaker, the general principle of this bill will, I think, prove acceptable to the house. It is introduced in answer to a general demand from various sources for the inauguration of a program of public works throughout the Dominion of Canada. The bill has the threefold purpose of providing employment over a considerable period of time for those engaged in all lines of trade and activity connected with the construction business; of providing useful public services in the way of buildings and other structures, and of stimulating others to go and do likewise in connection with the building trades.

There is attached to the bill a schedule which sets out in detail the works that are proposed, with a general item which is calculated to enable the departments to put every public building in the Dominion of Canada in first class repair, including painting, plumbing, heating, wiring and so on. Then there is a similar vote for improvements to wharves and other structures in the harbours. It has been found that some of these wharves are not adequate for present needs. Some of them require strengthening, owing to the increasing use of trucks which has resulted in heavier loads passing over the wharves, and a survey is being made with a view to bringing them up to present requirements. In addition recent storms on the Atlantic have made repairs necessary in many instances, and this vote will provide funds for these purposes.

I hope the general principle of the bill will meet with the approval of the house. I can understand that there may be some discussion as to the details and as to some of the items in the schedule, but I submit the bill for the approval of the house with the hope that we may get into the schedule as soon as possible.

Hon. J. C. ELLIOTT (West Middlesex): Mr. Speaker, I have looked over the various sections and the schedule of this bill with some care, and I think there is a great deal to be said in favour of the principle of getting away from the policy of unemployment relief which the government has been following, against the wishes of hon. members on this side of the house, for practically the last four years, and adopting a principle which at any rate is an improvement on what they have been doing.

First of all may I point out to you, Mr. Speaker, and to the house that at the special session of 1930 the right hon. Prime Minister (Mr. Bennett) proposed two methods for relieving unemployment. One was to raise the tariffs and the other was to vote $20,000,000 to assist in unemployment relief. The right hon. gentleman will bear in mind, as I am sure other hon. members of the house will, that at that time it was urged by my right hon. leader and by many other members from this side of the house that so far as the expenditure of public money on public works was concerned, it was not proper to do that without submitting estimates to the house by way of a supply bill. That was the argument advanced at the special session of 1930, and while I am on that point I might read what was said by the Prime Minister at that time. When reference was made to the fact that we were getting away from the usual practice of calling for tenders and having the minister explain the different items in the house, the Prime Minister said:

> I think the safeguards of the Public Service Act with regard to tenders are sufficient guarantee as to the money being expended.

I regret to find that these safeguards are being taken away to a large extent under the present bill.

Mr. STEWART (Leeds): No.

Mr. ELLIOTT: My hon. friend says not, but I think I can convince him in this regard as I was able to convince him once before, I think, when he contradicted me as to the relative proportion of the amounts going to the different ridings. I think I can show him once more that he is mistaken and that I am correct.

That was what the Prime Minister said at that time. Now I am going to endeavour to show that in this bill we are getting away from one of the greatest safeguards that the taxpayers of this country have had in regard to public expenditures. Ever since confederation there has been a provision that it shall be the duty of the minister to invite tenders by public advertisement. I regret to see that in this bill the words "by public advertisement" have been omitted. The minister says we are not getting away from the old principle. I should be very glad if he would assure me now that we will get back to that principle and that he will have inserted in this bill the words "by public advertisement," because after all, that is the first objection to the bill as presented to the house.

What does that mean? The wording of the bill is very neat; it says:

> —the minister or department of the government entrusted with the administration, management and execution of any of the works set forth in schedule A to this act shall invite tenders for the construction and execution of such works, and contracts for all such works and undertakings shall be awarded under the direction of the governor in council.

I ask the minister the reason for including the words "shall invite tenders" instead of using the clause that has been in the Public Works Act, the Public Service Act and the marine act ever since confederation, that it shall be the duty of the minister to invite tenders by public advertisement. That is the first objection to this bill, and I think it is a very serious objection. What is the advantage of doing it by public advertisement? I remember that a year or so ago the minister gave the house a long list of the newspapers in which these contracts were advertised. Everyone from one end of the country to the other who desired to tender on any of these works had an opportunity to do so when public advertisements of that kind were circulated. The result is different when private tenders are called for. I believe the minister will agree with me, and I believe that when I refer the Prime Minister to his words uttered in 1930 he will agree with me, when I state that public advertisement is the proper way in which to govern expenditures of this kind.

I submit there are sufficient safeguards in the act to enable certain work of a pressing nature to be carried on. Under the Public Works Act, as it now stands, public tenders shall be invited by public advertisement, except in certain specified cases. The first exception is that of a pressing emergency, where any delay would be injurious to the public interest. Under this heading would come any damage occasioned by a severe storm. We will suppose that part of a wharf had been washed away. Perhaps it would not be in the public interest to wait until the department could advertise for tenders. Steps would have to be taken immediately to protect the part remaining, and to repair the parts injured. Then, in the second place are those works which, from their very nature, may be more expeditiously and more economically executed by the officers and servants of the department. There are certain types of work which may always be done to greater advantage and more cheaply by the officers and servants of the department. I refer particularly to the repairing of old structures. For instance, in the work of resurfacing or recovering a bridge one cannot tell, until the work is opened up, in just what condition the timbers may be. The probability is that such work could be done more expeditiously and more economically by day labour.

I object strenuously to the repeal of that clause of the present law which states that where the estimated cost of any work is less than $5,000, and in the opinion of the minister in view of the nature of the work it is not advisable to invite tenders, he need not do so. That has been the practice for over fifty years in the Department of Public Works. The amendment to the effect I have indicated was made in 1903 as the result of a practice which had been in vogue for the previous twenty years. Under those circumstances, for a work the estimated cost of which would be $5,000, one had to call for tenders. That was the rule, except in the case of an emergency or in connection with a work which could be done more economically and expeditiously by day labour or in some other way.

But what is the change now proposed? My greatest objection to the bill is that it contains these words:

> Provided that no one work or undertaking certified by the chief engineer of the Public Works department to involve an expenditure in excess of $25,000 shall be authorized by the governor in council except on contract based on tenders.

What is the change? All the works ranging from $5,000 to $25,000 may now be let without tender. I ask you, Mr. Speaker, and through you this House of Commons if hon. members think such a change is in the best interests either of the government, the parliament or the people of this country who must pay the bills. What can happen under that change? May I call the attention of hon. members to the fact that while in the schedule appear large contracts for which tenders will have to be invited, over one-third of the items appearing therein range between $5,000 and $25,000. I repeat that over a third of the items come in that class, and it means that we are increasing five times over the value of the works which may be done without calling for tenders.

As I pointed out previously all the leeway the minister requires is that provided in cases of emergency and in cases where in his opinion or in the opinion of the governor in council the work could be done more expeditiously and economically by day labour. To make a change as sweeping as I have indicated at a time like this is, I submit, not in the interests of the people concerned. I say to the minister that the greatest protection he can have is the protection given him through being compelled to call for tenders between $5,000 and $25,000, as obtains at the present time. He knows as well as anybody who has been associated with the Department of Public Works that where works are let without tenders and in cases where the minister in charge is not obliged to let contracts to the lowest tenderers, he is subjected to all the influences of urgent friends, and some

who are not such good friends, who are trying to obtain contracts by private tender instead of by public advertisement.

I urge upon the Prime Minister who introduced the bill and upon the minister now in charge of it the necessity of going back to the old rule which for over fifty years has been in force and has given satisfactory service. To make a change of this kind under present conditions is not advisable—and I make that statement altogether apart from certain clauses and general votes contained in the schedule. There are some large amounts mentioned in the schedule. For instance, there is the amount of $500,000 to supplement where necessary specific amounts hereinbefore provided, upon the authority of the governor in council. I say the item should not be put in that way. Then, there is another item of $2,000,000 for public buildings generally, improvements, additions, fittings and so on. Then, there is the vote for $2,000,000 coming under the Department of the Interior. These moneys are to provide for the construction and development of public buildings, camp sites, electric light and telephone systems, highways, trails, water and sewer systems, recreational areas, wharves, river protection works, and so on. The lump sum of $2,000,000 is indicated in the schedule, but there are no definite items stating where the moneys will be expended.

Mr. CASGRAIN: Another blank cheque.

Mr. ELLIOTT: Such an arrangement is not, I submit, in the interests of the people, it is not in the interests of the department and will cause great inconvenience to the minister. Perhaps the minister will remember the objections made by hon. members on this side of the house who urged that the moneys being spent should be authorized by way of a supply bill. In 1932 we had the rather remarkable spectacle of having items tabled for harbours and rivers. While the expenditures there involved did not run into sums as large as the ones now under discussion, the fact remains that apparently no hon. member knew about those items until the session was over. Those schedules were prepared as part of the unemployment relief scheme. When you came to look over the bill, while in the recital it was mentioned that there was no political significance in it, yet when you examined the amounts you found that they were about six times as large in the ridings represented by government representatives as in the ridings not so represented. The same characteristic applies to this schedule.

Mr. HANSON (York-Sunbury): You are not complaining about that surely, after eight and a half years of the same treatment.

Mr. ELLIOTT: My hon. friend knows perfectly well that there was not eight and a half years of the same treatment, and nobody knows it better than he does. He will not find the members who are sitting with him on that side of the house backing him up in that statement, because after all there are every year certain items of general public works that require to be done and that cannot be avoided no matter what the constituency may be. I do not think the hon. member for York-Sunbury is very serious when he makes that suggestion in the way he does, and I know perfectly well he will not get many to back him up in that statement.

Mr. CANTLEY: My hon. friend the ex-minister was good enough to keep me on the waiting list for four years, and it was only three months before the election that he brought down $48 000 for a post office in my native town of New Glasgow.

Mr. ELLIOTT: But my hon. friend got it, didn't he?

Mr. CANTLEY: Yes, I got it—election bait.

Mr. ELLIOTT: Yes, you did.

Mr. CANTLEY: But only when you were afraid to keep it back any longer.

Mr. ELLIOTT: And my hon. friend was polite enough at the time to say that he had received very fair treatment. He will remember that, I think.

Mr. CANTLEY: I did thank him, yes.

Mr. ELLIOTT: If my hon. friend from Pictou means by his interjection to suggest that you should raise these amounts that can be let without tender from under $5,000 to over $25,000, I am surprised at him because I do not think that is his idea of good business.

Mr. CANTLEY: I did not say anything whatever in regard to that point. You are barking up the wrong tree.

Mr. ELLIOTT: Then that is perfectly all right. I find in looking over this list of public works for Ontario, and I am referring particularly to Ontario because I think some of my colleagues will deal with some of the other provinces, there is about seven and a half million dollars to be spent in ridings represented by government candidates, and $2,747,000 to be spent in other ridings, of

which amount about $2,250,000 is to be spent on a few items in the city of Ottawa which are necessary due to the fact that this is the seat of government.

Mr. STEWART (Leeds): Represented by Liberals, though.

Mr. ELLIOTT: Oh, yes.

Mr. STEWART (Leeds): Why leave that out?

Mr. ELLIOTT: I fancy that most of the ridings will be represented that way in a little while; it seems to be the trend of things. I do not want to labour the points that seem to me to be important in this bill, but a great mistake would be made in attempting to do these works without calling for tenders and without giving the contracts to the lowest tenderer. There has been no explanation given by the minister as to why that change has been made, not a word. Just as I warned the minister three years ago against the course that was being taken then of having public works done under unemployment relief without estimates being put through the house, I am just as much satisfied that he will find a year from now that my advice to-day is right as he is satisfied now that the advice I gave him three years ago was right.

The amount, Mr. Speaker, is a large amount, but I am not going to discuss that now. I quite agree with the opinion which I think is held on both sides of the house, that it is much better to be spending money for something that is needed in the country than giving it by way of dole to people, as has been done during the last three years. That is practically what we are on, the dole, and I want to congratulate the government on having experienced a change of heart in regard to their unemployment relief program. I understand that it has been decided that from now it is by a program of public works that they will afford unemployment relief.

There is another point about the bill that I do not like and that I should like to have cleared up, and that is as to the departments that will do the work. We have one department admirably equipped for constructing public works. I have the very greatest confidence in the efficiency of that department throughout, and I submit that works that are public works should be done under the supervision of the Minister of Public Works and by the officials of the Department of Public Works, instead of having them handed around from one department to another—works that are in reality public works.

[Mr. Elliott.]

Mr. CASGRAIN: Getting more patronage to certain ministers.

Mr. ELLIOTT: There is another objection that I make to the bill, and that is I do not think the practice should be followed of calling for tenders until the bill permitting the calling for tenders had passed the house. I understand that tenders are being called for, for some of these works before the bill has passed. I have no doubt that it will be passed, and that is a minor objection, but I do again protest just as strongly as I can against, first of all the abandonment of the public advertisements for tenders and secondly against the increase from less than $5,000 to over $25,000 in the amount that can be let without calling for tenders.

Mr. R. B. HANSON (York-Sunbury): Mr. Speaker, I desire to add a brief word before the motion is put, and I rise now because I have to attend a committee meeting very shortly.

The first thing I should say is a word of congratulation to the government for having had the courage to embark on a very substantial program of public works in Canada for the relief of unemployment. I take it that the spirit behind this bill is the relief of unemployment in Canada, and to that extent I think we are all in agreement. I agree with what the ex-Minister of Public Works (Mr. Elliott) has said with respect to this system being an improvement over the dole system, and as far as I am concerned I hope the dole system is behind us forever, and that the people of this country will do something else than resort to the dole system.

With respect to what my hon. friend has said with regard to public tender, I do not understand that there is any departure being made from the principle that has been in existence for a good many years save and except with respect to those projects which may cost less than $25,000. I think ample justification can be found for the departure from the principle to which he has alluded. I am not defending or criticizing that. What I desire to place upon the records of the house—I ask the minister in charge of the bill to give attention to this—is that consideration should be given to several factors. First of all, provision should be made in the contracts that wherever available and other things being equal, local labour should be employed. Second, wherever available and other things being equal, local materials should be employed. I have in mind the erection of public buildings in New Brunswick; our free stone should be used rather than materials imported from other com-

munities. Provision should be made to take care of these two matters. There is a third consideration which I desire to impress upon the government. One, two or three large contracting firms, such as I could name, should not be allowed to come in and get a monopoly of these contracts, even under the tender system. I think hon. members will agree that I am not approaching this matter in a narrow, parochial spirit; I do not want to be accused of that. I submit that the large contracting firms if given twelve or fifteen or more contracts under this program will be able to spread the overhead over all the projects and be in position to underbid the smaller contracting firms. I am anxious to see this work distributed, not only to local labour but to the local contracting firms. I believe such firms would give more sympathetic consideration to the local employment needs. I feel that they would give more consideration than the large, highly capitalized contracting firms, so many of which may turn out to be just subsidiary companies of American firms.

Hon. FERNAND RINFRET (St. James): Mr. Speaker, I desire to say a few words on the second reading of this bill. I endorse what has been said by the former Minister of Public Works (Mr. Elliott) with regard to the tenders, publicity and the procedure of making contracts. My intention is to deal particularly with the city of Montreal. I may say that I am very grateful as a citizen of Montreal to the government for the public works which it intends to erect in our city, but I want to point out that even this amount of work will not wipe out the obligations towards the city. The unemployment situation in Montreal has been especially bad and it must be viewed from different angles. The government owes a large amount of money to Montreal for past accounts in connection with direct relief. On many occasions, both on the orders of the day and otherwise, I have attempted to have the Minister of Labour (Mr. Gordon) make a statement on this matter. Up-to-date the statements issued by this government or the Quebec government have not been very clear. It has simply been a game of throwing the onus from one government to the other or from both governments to the city of Montreal. Somewhat the same game has been played between the former and present administrations of the city and the unemployment commission. It would seem that it was nobody's and everybody's fault that these past due accounts have not been paid. Notwithstanding the vouchers which exist in connection with the contribution of the Ottawa and Quebec governments to the city of Montreal for direct relief, there is not the least doubt that a very large amount is due to the city. There is no excuse for not advancing immediately to the city at least a large proportion of the sums which are due. So far the reservations which have been made have made negotiation impossible. I know something of the difficulties in connection with the administration of the city and whether we or our friends or some other group are in power in Montreal, I take the stand, as a citizen, that both governments should come to the assistance of the city and pay at least a proportion of the arrears of direct relief. This matter is connected with this bill because the government takes the stand that the erection of these public works will bring the unemployment problem to a conclusion. These public works are all right but they will be insufficient to take care of our unemployment problem. The first thing which this government and the Quebec government should do is to pay a proportion of the arrears due to the city. The city needs this money very badly and has had to make huge interest payments because it has not been available.

I have another submission to make in connection with this matter and I hope it meets with the approval of my confrères on this side of the house. The government is going to spend six or seven million in Montreal on public works but I know from personal experience that that will not solve the unemployment problem. It will alleviate it to a certain extent as a certain number of unemployed will be given work, but I do not agree with the government's intention to discontinue direct relief payments on July 15. The government is attempting to do away with its responsibilities in connection with the general problem of unemployment by bringing down this bill for the construction of public works. There are 35,000 heads of families now unemployed in Montreal and while I have not made a calculation I know that this program will not take care of all those unemployed. The stand which I have taken in this house and at public meetings when I was more closely connected with the municipal administration is that as long as there is one head of a family not provided with work it is the duty of the governments to look after that family. Even though it is spending these millions of dollars, I do not think the government should take the stand that it is through with contributing to unemployment relief. I agree with the principle that the erection of public works is better than direct relief, but if those works are not sufficient, the federal and provincial governments still have a responsibility. It is very

unfair to consider that the problem is solved when only fifty or sixty per cent of the unemployed have been given employment. This is the stand I take in connection with this bill.

I am glad the Minister of Labour has extended the period of contribution by the federal government to July 15. I do not say that he has done this because of our demands, it is probably because of his own convictions. But I contend that there should be no limitation in these payments. The government is trying to reduce unemployment by the erection of public works but it is wrong to say that on a certain date it will not contribute otherwise. It should contribute otherwise if, notwithstanding this program of public works, there are still heads of families in need and out of work.

In connection with the public works designated for Montreal, I should like to make this statement. There is a considerable list, and I do not complain on that ground; but I see that provision is made for a public building, No. 101, which I understand is the customs building, and No. 103, the postal terminal building, together with other works in the harbour of Montreal. If you look up the estimates of the last year that we were in power, 1930, you will find moneys voted for these or similar works.

Mr. CASGRAIN: And not spent.

Mr. RINFRET: Had we remained in power all these works which are now proposed, in a gesture of generosity towards the city of Montreal, would have been carried out four years ago; all these works would have been done if the estimates of the then government had been followed out.

Mr. CASGRAIN: This is an election spasm.

Mr. RINFRET: I do not say that these works will not have their good effect this year, but I think it is only fair to point out that there is no evidence of any considerable initiative, for instance, in providing for a postal terminal, when everyone knows that my good friend the former Minister of Public Works some years ago had in the estimates an adequate amount which was voted for the purpose, and when you remember that we purchased the site and did all the preparatory work in connection with that terminal. Questions were put to the present Postmaster General with regard to that construction and he replied by referring us to the Minister of Public Works, who in turn said that the matter was under consideration. I am glad now that we shall have accomplishment in some degree, but I must repeat that this postal terminal, the customs building and the other works provided for in Montreal, useful as they will be, and beneficial as they will prove to the unemployed of to-day, would have been built some years ago if the late government had been maintained in power after the election of 1930.

I do not wish to say much more at the moment because we will examine this bill in committee; but I share the view so well expressed by the former Minister of Public Works, that these works should be done in the ordinary way and that tenders should be called for and all the regular procedure of the department followed. It is not my purpose however to discuss that angle of the bill. What I rose for more particularly was to remind the government that its responsibility to the city of Montreal does not cease with the building of public works that should have been built four years ago if, as I say, the then government had remained in power. It still remains for this government, even after July 15, to do its share in the way of direct relief or by other means so as to help the unemployed in Montreal: because after all, after these works are started, there will still be thousands of families who will not benefit from them.

Even though this administration is not friendly to me, I wish to be generous enough to thank them even for what is being done; but I submit that the government should stop these conversations with the government of Quebec, in which one party says, "We will do it if you raise the interest 1 per cent" and the other party replies, "We will do it if you lower the interest." The fact is that both governments owe millions to the city of Montreal on past account. Montreal is solvent and could very well be advanced $6,000,000 as proposed, but without these reservations that put a stop to everything which the government declares it will do. Montreal needs the money on account of arrears and I hope that the government will not fix, for final settlement, upon the day which has been proposed, namely, the 15th of July, for contributing towards meeting future events and emergencies, not only in Montreal but in all the municipalities.

Let us not forget that this government was returned to power on the precise and very definite undertaking that within a few months it would put an end to unemployment or fall. Now this is the fourth year they have been in power, and while I want to be fair and acknowledge that events are against the whole

world, at the same time those events so far as Canada are concerned must be faced; and if there is one administration more than any other that should meet the present situation it is this government, who promised that they would deal successfully with the unemployment situation. I thank the government for this belated generosity in giving to Montreal something that should have been done four years ago, but I say that this will not be sufficient and that the responsibility of the government will remain towards all those families that will not be provided for through this bill.

Hon. IAN MACKENZIE (Vancouver Centre): I do not desire to delay the second reading of the bill because I am not opposed to the principle of it, but I wish to repeat what has been said by the former Secretary of State and congratulate the Minister of Public Works and the administration upon having, after four years of dilatory tactics, adopted the principle and policy which we on this side have been advocating for the last few years.

An hon. MEMBER: Say a kind word.

Mr. MACKENZIE (Vancouver): I think my hon. friend from Parkdale had better go back to Toronto. The government is not only adopting the policy of public works, as we have advocated it, but is financing this policy exactly as we urged on this side through the hon. member for North Waterloo (Mr. Euler) and the hon. member for North Bruce (Mr. Malcolm) over a year ago. As I did the other day, when discussing the Dominion Notes Act, I wish to commend the Minister of Public Works and the Prime Minister for financing these works in the way they are doing. In the second place I wish to emphasize in the strongest possible terms the complete inadequacy of the amount provided to meet the situation. The present unemployment crisis in Canada cannot be met by the expenditure of $39,865,000 as under the terms of this bill.

Mr. QUINN: Not a bad start.

Mr. MACKENZIE (Vancouver): But you should have started four years ago. You are starting something which those on this side will finish before another year is out.

Mr. QUINN: Don't fool yourselves.

Mr. MACKENZIE (Vancouver): I wish to warn the Minister of Public Works not to repeat in this legislation the catastrophic blunders of the 1930-31 legislation. He will recall that we asked from this side of the house for certain precautions in connection with the estimates, certain precautions in connection with governmental control, certain precautions in regard to a national audit of every single cent spent; and we again warn the minister that we desire these precautions to be observed in regard to this legislation. I submit that under section 7 of the bill powers far too great are given to the minister himself.

I wish to identify myself with some of the remarks made by the hon. member for York-Sunbury (Mr. Hanson). As a matter of fact I had already drawn up an amendment before the hon. member spoke, to provide that, should no additional cost be entailed in connection with such public works and undertakings as are authorized, they shall be financed and completed in local areas and that local labour shall be employed in so far as possible in the completion of such public works. So far as we in British Columbia are concerned, with the meagre allowance given us, we do not desire to have any of the moneys spent in the fabrication of material in the city of Montreal. I mention Montreal by way of illustration; it might be equally Toronto.

In this bill, out of a total of $39,865,000 that may possibly be spent, $32,224,200 is to be spent on large public buildings of steel, of brick, of stone construction, and on steel bridges, harbour works, piers, wharves and works of that kind whereas only $7,641,400 is to be spent on what you might call ordinary undertakings. Under this measure skilled artisans will certainly obtain employment, but I am afraid that the common day labourer will wait on the side lines watching these buildings go up. My criticism of this whole plan is that the ordinary day labourer is not going to find an opportunity for employment under it. I make these observations, I trust, in a constructive spirit. When the time comes to consider the items I shall make some suggestions to the minister in regard to certain projects in my own province of British Columbia. In the meantime I support the constructive suggestions of the former Minister of Public Works (Mr. Elliott) and the former Secretary of State (Mr. Rinfret) concerning this legislation. I have one further proposal to offer in regard to these public works; that the minister do what is done by the government of Great Britain in all such undertakings, that is in regard to the king's honour roll, that a certain proportion of ex-service men be employed on the contracts awarded. I think if the minister would include in his contracts these two provisos, the one I just

mentioned and the other in regard to local labour and material as far as possible, then he will go a long way to meet the criticisms from different parts of the country.

I want to conclude as I commenced, by commending the administration for that in this eleventh hour of their political life they are embarking on this program, and by commending the Prime Minister for adopting at the same belated hour the suggestion for financing these works which we on this side of the house advanced years ago; and I trust that future administrations will enlarge it into a really comprehensive program of public works for the relief of unemployment throughout Canada.

Mr. C. B. HOWARD (Sherbrooke): I am not going to congratulate the government upon this program of public works that they have brought down to-day because I believe that if this government had done what they promised to do in 1930 this country would be in a different position from that in which it is to-day. I want to criticize two or three clauses of the bill, and then state the reasons why I do not think this distribution is equitable. It is admitted by everyone that during times of crisis like this people flock into the centres in order to be taken care of, even if they cannot get employment; therefore the unemployment situation is much more acute in the larger centres than elsewhere. In the province of Quebec we have four large centres. Montreal is our main centre, Quebec comes second in population, and Three Rivers and Sherbrooke vie with one another for third place, they are practically equal. We naturally think that Sherbrooke is third, and Three Rivers people think they are. Now if you examine the schedule here is the situation. In the city of Montreal it is proposed to expend $5,989,500, which is certainly not too much for the city of Montreal. In Quebec it is proposed to expend $1,722,500, that is in the districts immediately surrounding those centres. In Three Rivers the amount to be spent is $484,000 while in Sherbrooke, the third largest centre in the province of Quebec, they do not propose to spend one single nickel. I shall give some figures to show what the unemployment condition has been, and what conditions are in the city of Sherbrooke at the moment. But in the whole of those eastern townships of Quebec, consisting of eight counties federally and eleven provincially, only one work is proposed, that is in Farnham, in the constituency of the hon. member for Brome-Missisquoi (Mr. Pickel), amounting to $58,000. I think under those conditions I have a right to protest.

Population figures for the city of Sherbrooke as of last week show a total of 29,284. Taking into account the births during the year you find a net decrease in population during the past twelve months of 439 in spite of the unemployed coming into the city. In Sherbrooke we run a municipal kitchen to feed these people and keep them from starving. Our official figures of families on kitchen relief are as follows:

1933—	
September	331
October	361
November	406
December	463
1934—	
January	522
February	544
March	542

In other words there was an increase from September, 1933, to March, 1934, from 331 to 542, or 211 more families kept by the city of Sherbrooke on direct relief.

For wood delivered by the city to people who are not obliged to go to the kitchen, the figures are as follows:

1933—	Loads
September	213
October	318
November	550
December	942
1934—	
January	1,010
February	1,190
March	830

Yet in spite of these figures we find not a single nickel provided under this bill for the city of Sherbrooke, the hub of the eastern townships of Quebec, to aid in unemployment relief.

One further aspect of the matter to my mind is more impressive than all the others; and I say this directly to the Prime Minister. I want him to realize the situation. I am one who believes that in a city the proprietor is what the Prime Minister termed the sheet anchor of the Canadian municipality. In Sherbrooke according to the last census we had 29,284 people, and in 1930 there were 2,975 proprietors; in other words 10·3 per cent of the people owned their homes. In 1931 the number of proprietors had dropped to 2,876; in 1932 to 2,596 and in 1933 to 2,233. In other words in a two year period, due to foreclosures and people losing their homes, there was a reduction of 643 in the number of property owners. If you carry that percentage on for another few years you might as well consider Sherbrooke in the class with a Russian municipality. I draw this to

the attention of the committee because I think the distribution is absolutely unfair and shows no consideration for the needs of these centres in the province of Quebec.

I also criticize this bill in respect of the methods adopted for carrying out its objects. The word "public" is left out before the word "tender." I do not believe that this government or any government has any right to go on with a construction program without calling for public tenders. As this stands at present the government can call for private tenders or any other kind and go ahead and let contracts—

Mr. CASGRAIN: In the Tory fashion.

Mr. HOWARD: The proper way to do this is by public tender. The old legislation provided that for works costing less than $5,000 the minister had the right to use his judgment and go ahead without public tender. The figure has not merely been raised from $5,000 to $25,000, but the bill says "in excess of $25,000." Then it goes on to qualify that, it provides that an expert in the department shall estimate the cost. If he estimates it as not in excess of $25,000, they can go ahead without calling for tenders. That simply means that if their estimate should over-run, we will say, an ordinary percentage up to $35,000, the government propose to carry on the work without calling for tenders.

Then I do not see any provision with regard to the fair wage clause. I am exceptionally interested in that; I believe we should mention it in this legislation without leaving it to the fair wage act. I believe it should be put in here, because I am one of those who believe that if the wages you pay a man give him only a bare existence it is not of much benefit to the community. If you want to help your communities pay your men fair wages so they will have money to spend in order to make their fellowmen more prosperous.

Then I should like to direct the attention of the minister to the fact that Canadian companies are not specified. I know what has happened in the past; I know how United States companies evaded the law by forming Canadian subsidiaries to handle these contracts, and perhaps in prosperous times that might be countenanced. But in times of extraordinary stress I do not believe any United States company or any other outside company should be allowed to tender on or accept these contracts. As one other hon. member said a moment ago, we want Canadian labour to be used, Canadian companies to get these contracts and, so far as possible, local contractors and local labour to get their share of the work.

In closing I want to say that I agree entirely with those who have already spoken from this side of the house. After waiting three and a half years; after it has been found that the marketing bill will not remedy the situation; after the government have failed to raise the prices of agricultural products; after the Prime Minister has failed to implement the promise he made from the public platform in Sherbrooke in 1930, that if he were elected people would rush back to their jobs and the country would be prosperous, and that if this did not happen we could blame the government; after all that I want to say that I am glad the government have adopted the policy which we call inflation. If they had proceeded three and a half years ago to deal with our currency as they propose to deal with it in the legislation brought down last week; if inflation had been brought about three years ago the situation would have been quite different, and possibly this legislation would not have been necessary. I want to ask the Minister of Public Works, when he considers these items, to give particular attention to the large centres of the province of Quebec, and to give Sherbrooke its fair share in relation to Montreal, Quebec and Three Rivers, since we do not wish to be discriminated against.

Miss AGNES C. MACPHAIL (Southeast Grey): Mr. Speaker, I would not have had anything to say had it not been that the hon. member for Vancouver Centre (Mr. Mackenzie) rose a short time ago and said that this program, or perhaps a more extensive program, had been proposed by the Liberal party. The number of things the Liberal party claim to have sponsored is to me amazing and amusing. They suddenly become the exponents of a publicly owned bank; they say they were the people who advocated a central bank, though I always understood that we were the people who converted them. I think everyone who sits in the house or in the press gallery will remember that over and over again the hon. member for Macleod (Mr. Coote) suggested a public works program on a large scale financed with new money, that is, money issued without interest against the general assets of the people. I do not think one needs to argue the point. I might say to His Majesty's loyal opposition that if they had really wanted to bring in a program of public works for the relief of unemployment they had an opportunity to do so before the election of 1930. I really think the Liberals were defeated then because of the depression and their inadequate methods of dealing with it. If they knew then what should be done it

is a wonder they did not do it. At any rate, while those who sit in the southeast corner are very modest when the government bring in their programs, and do not like to rise too often and say, "Thank you very much"—or, as someone suggests, "We told you so"—still I think it is going too far when the hon. member for Vancouver Centre claims credit for the Liberal party for suggesting that such a program be inaugurated. The order paper to-day carries a resolution standing in the name of the hon. member for Macleod, as follows:

> That, in the opinion of this house, in view of the large number of unemployed, and with the necessity of increasing the purchasing power of the people, it is expedient that the government give immediate consideration to the inauguration of a large scale program of public works to be financed by a direct issue of non-interest bearing dominion notes.

Actually, if we enforced the rules as severely as they are enforced at times, we could not discuss the bill now before us because the subject matter is already before the house in this resolution, which was put on the order paper by an hon. member sitting in this corner.

I do most heartily congratulate the government upon bringing in a program of public works. It is four years late, but at any rate it is being brought in now and is being financed in what I believe to be the correct manner. The program should have been larger; I think this is only a beginning, and that still larger programs will be brought in to be financed in the same way. I am sure the government will not appreciate my prolonging my congratulations, so I will bring that part of my remarks to an end. I think at this time we could easily stand a program calling for the expenditure of $100,000,000 rather than $40,000,000, financed in just the same way, because we have been deflated much more than $100,000,000, and there is no reason why we should not reflate to that extent, if people like the word "reflation" better than another that might be used. However, undoubtedly even this small program, amounting to $40,000,000, will do a great deal to relieve unemployment. At least it will put $40,000,000 of purchasing power in the pockets of the people and to that degree at least will help business.

I am sorry this program is not larger; I think we could have stood a very much larger one. I could have said $200,000,000 instead of $100,000,000, but perhaps we had better put it at the latter figure. We are spending only a small amount now. I look for larger programs in the future; I think they are

[Miss Macphail.]

inevitable, and I think they will be financed in the same way.

As a last word I want to say to the hon. member for Vancouver Centre that I think he has claimed for himself and his associates about all the credit he had better try to claim this session.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, I am moved by somewhat conflicting emotions as I survey this vain attempt on the part of the government to save themselves from political extinction. That is what it means. They have one foot in the grave, and this is a great lunge to try and keep the other foot out. Of course it is claimed that this program is meant to relieve unemployment, and no doubt there is something to be said in that regard, but just how much of it will go for that purpose is another matter. It is something like the money spent for grasshopper bait; how much went for Grithoppers and how much for grasshoppers? No doubt this also will do away with the dole, in some little measure at least. Are we contemplating the expenditure of a great deal of money, nearly $40,000,000, for the purpose of affecting the coming federal election? That is what it is for; there is no use getting away from it. And it does not say very much for our criticism if we let them get away with it without pointing out that fact. And then to think of the stupidity of the government who seem to have the idea that such action will save them. Why, the deeper they are in the mud the farther they will get into the mire via this route. Have we been living all our lives with our heads buried in the sandpile so that we do not recognize these things when governments attempt to do them? We do not need to go back to antiquity to find it out. On the Prescott highway, part of that system of the King's highways, we saw men lined up like bees around honey and pretending to be working the day before the election. And out in Saskatchewan there were white men, black men, Indian boy graduates—all kinds of men, old and young, working on the roads only the week before and during the week of the election. How did they vote? Most of them just voted to soak the government that much harder. They took and earned their money and then put the boots to them afterwards.

That kind of blind failure has been this government's record, from its inception. Every move has been more stupid than the one preceding; each move has been non-effective in whatever purpose it set out to accomplish—and this is the hugest one of the lot. There

was a time in my early political career when, from a political standpoint, I would have been very much alarmed at this procedure; I would have been afraid that the government would scoop in everybody and get all the voters within their toils. But to-day, even if they doubled the expenditures outlined in this bill, I would be quite composed, so far as that angle of the matter is concerned, because I know that their action will only result in the greater downfall of the government, when it comes. So we do not need to be alarmed at that.

Another matter which gratifies me is that recent events have shown that the people of Canada are not on the bargain counter. They are going to vote as they wish. They are going to take advantage of the secrecy of the ballot if the returning officers do not open their ballots as some of them did in Ottawa at the last election. They will vote, they will take advantage of what is supposed to be the secrecy of the ballot and in other respects they will govern themselves accordingly. There is no use haranguing the government. It is said that all governments do a little bit of this kind of thing prior to the elections. I do not admit that. But, for the sake of argument, supposing I do admit it; I suppose it is only natural that one should dress up and brush up before he presents himself to the people at an election. Put on your best clothes, have your front yard swept up, and your backyard ditto. Maybe a little of that is only natural. But the present wholesale attempt, with no pretence at saying that the purposes behind it are not as I have indicated—well, it is just too much for me to swallow at one gulp, and without protest. I am not making these statements because there are no appropriations for my constituency; as a matter of fact, I do not know whether there are or not.

Mr. McINTOSH: Not a dollar.

Mr. MOTHERWELL: I have looked it over, and I have not seen any, but that fact does not make any difference to me. If there were two or three expenditures for my constituency I would make the same general statements I am now making.

I was glad to see, however, that some small attempt has been made to spend some of the money for utility purposes and to the extent that such expenditures are made I commend the measure. There are many useful improvements which could be effected in Canada to help bring us back; we could invest the money in projects which would bring in revenue, and that would help us to get on our feet. Let me point to one. The bill provides for a fish processing plant adjacent to the cold storage plant in Halifax. I like that. That is an expenditure which will help to put the fishing industry on its feet, and I am sure the industry requires help. The new plant will be located beside the cold storage plant which was erected by the predecessors of this government. That plant needs business. So it would seem the money spent on the processing plant would be spent doubly well. Would it not be nice if we could say the same of all these expenditures, but perhaps respecting other industries. Of course the expenditures would not be all for fish or for fowl, but for some other useful purposes also.

Now that I have spoken of a commendable eastern project may I direct the attention of hon. members to the west. I wonder if this country realizes the opportunity now lying open with respect to rehabilitating those great plains of southern Alberta and southern Saskatchewan, and in a little corner of Manitoba. Those plains are on the point of going back to a condition almost the same as that found in the Sahara or the Arabian deserts, if someone does not soon put forth a hand to save and to salvage them. But this measure does not contain a word about those plains. If they are mentioned, I shall apologize for what I am now saying. It may be that some provision may be hidden in the measure, as are some of the amendments to their legislation. Sometimes those amendments are hidden so carefully one cannot find them. Probably after the vote in Saskatchewan recently recorded there was not very much encouragement to make any further suggestive expenditures there. Would there be any encouragement to make further expenditures in Ontario? The political effect of the "Henry" road schedule was certainly not noticeable. By introducing this legislation the government is simply adding one more crime to its history, because in addition to trying to get public favour in a vulgar and brazen way it is adopting as stupid tactics as possible to get election results.

Let me revert to the open prairie plains I spoke about previously. In years of even limited rainfall that area is one of the most productive in Canada. Certainly it is the most productive part of the open plain area in Saskatchewan. Getting so little rainfall through the centuries, its fertility has not been washed out by water or by freshets, with the result that it is still exceedingly fertile. With the least bit of moisture perhaps only six or seven inches in a summer growing season one may grow a good crop of the highest quality. What is the matter with it now? Thirty years of cultivation by man

in his mad effort to grow wheat has worked all the fibre out of the ground. The soil binder has gone; it has taken wings and it may be found anywhere between the Rocky mountains and Sault Ste. Marie, Ontario. That is where our farm land is going; even the mortgage will not hold it down.

This government is not making any move, either through this or any other bill, to reclaim that country. Three or four years ago, after a very heroic attempt on the part of the committee on agriculture the Minister of Agriculture was induced to begin a policy of grass and clover seed distribution. But the government is becoming so impoverished that the vote has been reduced almost to zero. Even orginally it was so small for grass seed it was but a mere flea bite. It would take a century to accomplish anything with the moneys appropriated, but at least it was a step in the right direction. Then the Minister of Finance ruthlessly cut down the Minister of Agriculture's votes, and the moneys for this purpose have almost disappeared. Now there is nothing but empty talk; they talk about this, and they talk about that. They talk about what they are accomplishing but talk without money is cheap. In the present bill we find vast and varied expenditures scattered from the Atlantic to the Pacific in a vast endeavour to influence the electorate at the coming election, and, incidentally, to give a little relief to the unemployed.

Speaking frankly, may I say I have tried to be fair with the government. But why do they act so stupidly on every occasion they make an attempt to do anything. Look at the wheat agreement. I know some people would say, "Look at the marketing act." but I will not say that until it is given a long and fair trial. But the wheat agreement; it is just as good as blown up in the air, and it could not be otherwise. I shall not go into this matter further just now, but I am merely pointing out the fact. At another time I shall say what I was going to say and will not say now—well, I will say it: If we as an opposition do anything to prolong unnecessarily the life of this government we will be censurable for doing so. Do not make any mistake about that. The sooner we get rid of them, the better for the country—and I think this bill will help to get rid of them more effectively than otherwise. For that reason I am going to give it a measure of support. It will help to hasten them off—good riddance to bad rubbish. That is my view of the situation, and the electors will think so too. The electors will hold the opposition in this house responsible if we do not help to hasten the government off. There is no hope for them. They seem to be going from bad to worse, and from there, as I said last session, to Milton Campbell. It seems to me that we are impotent so far as amending this legislation is concerned, and that all we can do is to point out to the country what is being done and express our regret, as I do now, that in the southern plains in the west and in other parts, if you like, nothing is being done to help us win our way back to prosperity although I will commend the government for their fish processing plant and anything else of a kindred nature that will help us to again stand up. If that $40,000,000 was spent with that objective in mind, what a lot could be done with it! We could then all shout for it, and the government might inadvertently get a little commendation from the country too. But this gets you nowhere. We all know what it is for, and the electors hold us in contempt for doing it. The very men who will earn this money chaff with each other about the government and say, "The government think they are going to buy us," and then they damn the government and cast their vote against it. That is the situation. It is an awful commentary on our democracy when these things can be done without exciting indignation and protest. There was a protest all over Ontario against it last week, far more eloquent than anybody by words can make, and there was a further protest in Saskatchewan of such fierce intensity that it did not leave a grease spot on the floor of the Tory government in that province, and I am amazed that within a week after that protest the government should bring down this thing just prior to a general election when there are so many useful projects for which the money might have been used.

I am half way in my seventh decade, Mr. Speaker, and I am proud of it. I am one who has seen Canada recover from a condition of very severe privation and excessive mortgaging back in the seventies of last century, when nearly every farm in eastern Canada was mortgaged to the hilt. I saw the cheese factories start. It meant hard and constant work Sunday and Saturday in season and out, but the agriculture of Ontario came back under that policy of dairying and kindred activities on the farm. That was sixty years ago, but it can be repeated to-day if you give the farmers an opportunity. They have run away ahead of themselves during the squander period of good times ever since the war and until recently, and now after sixty years we have got an old broken-down, obsolete creamery equipment which has to compete with other countries with modern equipment. There is not a country in the world with which we

compete but what has up-to-date creameries and cheese factories, combined plants to convert milk into fifteen or twenty different processed commodities for the markets of the world, and here we are with our little jerkwater factories, puddling away at a high cost and with great difficulty keeping up the quality because of the insanitary conditions in some of these factories. What a God's blessing this vote would be if it were used to put up half a dozen such factories in Ontario and old Quebec or anywhere else where it was thought desirable, or even to put up a model plant to show what a modern creamery was like. But I do not see anything of that in this bill. I recommended that four years ago to this government, and I saw some evidence of it in the marketing bill, provided they can get the money as easy as this, but there is no evidence of it here in this bill. I would like to hope that it is not too late yet for the government to reconsider, for the mainstay of eastern agriculture has been dairying with its allied activities such as hog raising, which goes naturally with dairying.

If anybody can show me anything in this great outlay of money that is going to help agriculture I will be the first to commend the government because I know that this is the first duty to reclaim and rehabilitate those great southern plains on the prairies that I spoke of a moment ago. The first step to reclaim agriculture in eastern Canada is to rehabilitate dairying and hog raising, including poultry that goes with it. I do not suppose the government will care one hoot what I say about this. I do not believe they know enough about agriculture to realize what is required, and because of that I forgive them as they know not what they do. They give no evidence that they know what is needed for agriculture generally either now or at any other time.

I do not want to detain the house. I do not know whether the government feels any better or wiser for what I have said, but I feel an awful lot better myself.

Mr. P. A. SEGUIN (L'Assomption-Montcalm) (Translation): Mr. Speaker, I wish to immediately state that the bill under consideration has some redeeming features. The only fault one may find, is that it was not introduced sooner. The government certainly took a long time to descover that Canadians had a stout heart and that instead of begging for their bread they preferred to work and earn it. I am, therefore, wholly in favour of this bill, the object of which is to provide work at least for some of our people. I regret, however, that the intention is to utilize it as a political tool by stipulating that work, up to an amount of $25,000 may be awarded without tenders. The government has no excuse to revert to such an expedient and when I closely examine this measure, I deem it my duty, as a rural representative, to criticize the administration for not having shown more solicitude towards rural counties.

Mr. CASGRAIN (Translation): Hear, hear.

Mr. SEGUIN (Translation): It is unfortunate that the minister who prepared these appropriations did not first consult the hon. Minister of Labour (Mr. Gordon) and refer to the dole lists, in order to distribute this money in localities where it is most needed. Such a method would have been fairer and at least it could have been said that the government's object was purely to relieve distress.

Since 1930, sir, I have earnestly requested the hon. Minister of Public Works to erect a post office at L'Assomption.

Mr. CASGRAIN (Translation): That is a fact.

Mr. SEGUIN (Translation): I think it is not a matter of luxury, sir. The building is supported on all sides by props which this government has had placed there instead of rebuilding it.

Mr. PARENT (Translation): It will crumble like the government.

Mr. SEGUIN (Translation): The town of L'Assomption had to resort to the dole. On many occasions I requested that the post office, which is in ruins, as you may judge by this photograph, be rebuilt.

Mr. CASGRAIN (Translation): Show it to the government.

Mr. SEGUIN (Translation): I forwarded a copy to the hon. minister at the time—

Mr. CASGRAIN (Translation): He did not bestir himself.

Mr. SEGUIN (Translation): —and he replied as follows:

> While I fully agree with you and appreciate the fact that the building in its present condition must present anything but a pleasing appearance, I regret we have no appropriation to which the reconstruction of this building could be charged. I have however, made a note of the matter and it will receive every consideration when the estimates are being prepared for the ensuing fiscal year.

This was on November 29, 1932.

Mr. CASGRAIN (Translation): He forgot about it.

Mr. DUPUIS (Text): Who signed that?

Mr. SEGUIN (Translation): The hon. Minister of Public Works (Mr. Stewart). He certainly lost his memorandum because in quoting this item to relieve the unemployed, he forgot to provide for the reconstruction of the post office at L'Assomption which is crumbling; the Liberals, therefore, will be obliged to rebuild it as soon as they assume power.

Mr. CASGRAIN (Translation): Hear, hear.

Mr. SEGUIN (Translation): I regret also that the hon. minister has also lost sight of many other requirements affecting rural constituencies and particularly the county which I have the honour of representing in the house. The tobacco industry in my county is of primary importance and our farmers who are in distress requested, at various times, warehouses, so as to preserve their tobacco in good condition and enable them to market it advantageously. I earnestly requested the erection of such warehouses and I again do so now, if it is not too late; it could be included in this last item of the amounts to be expended:

To supplement where necessary specific amounts hereinbefore provided upon the authority of the governor in council.

Perhaps this paragraph could be altered; this amount of $500,000 would be increased, a few million dollars could be added to provide for various other requirements that the hon. minister forgot in the schedule.

Mr. CASGRAIN (Translation): Hear, hear.

Mr. SEGUIN (Translation): Thus the post office at St. Lin; tobacco warehouses at St. Jacques-l'Achigan, St. Esprit and even at Joliette could be erected. The minister did not do so, he did not inquire in what localities this money could be utilized.

Mr. FAFARD (Translation): He is not a connoisseur in tobacco!

Mr. SEGUIN (Translation): Moreover, it is urgent that a bridge be constructed at one end (bout) of "l'ile Jésus," on the Jésus river. This bridge would link Montreal to the eastern part of our province, at the village of Charlemagne.

Mr. CASGRAIN (Translation): Quite so, the Charlemagne bridge.

Mr. SEGUIN (Translation): The construction of this bridge would give work to a great number of unemployed in the adjacent counties. It would have been timely to construct this bridge, but it slipped the hon. member's mind. I could point out numerous urgent undertakings in my county. The hon. minister is aware that a dam was requested on the Assomption river, so as to raise the water to its regular level and thus draw to its shore much wealth. The government promised, at the time, to give it their serious consideration, however, this promise became a dead letter, and when work is being distributed, the government rather think of other counties to which large sums of money are granted. I do not envy my colleagues who reside in the neighbourhood. We obtained, at St. Jacques-l'Achigan, under the Liberal regime the construction of a very attractive post office which cost $28,000. I note that $48,000 is appropriated for such a building at Berthier. I wish to congratulate my hon colleague from Berthier-Maskinongé (Mr. Barrette): however, I think the government could have set aside, out of the large amounts which it expends in certain localities, some funds to provide for other localities which have been completely ignored.

Mr. CASGRAIN (Translation): No justice exists.

Mr. SEGUIN (Translation): I do not wish to further delay the house, although endorsing the principle of the bill, I wished to point out that a grave injustice is being perpetrated in the distribution of moneys and that this bill seems rather introduced, not to win counties—it is futile—but in an endeavour to hold on to those which are in danger. I do not think that such a policy will succeed, in spite of all, the counties which are Liberal will remain so while the others will return to the Liberal fold.

Mr. J. A. MERCIER (Laurier-Outremont): Mr. Speaker, at the outset of the remarks I have to make on this bill, I want to say that I approve of the spending of $40,000,000 for public works because it does away with the direct relief system which has done so much harm to the country since the present government adopted that means of relieving unemployment in Canada. On June 19 the Prime Minister (Mr. Bennett) introduced this bill in the place of the Minister of Public Works (Mr. Stewart) who, as he said, was engaged in a patriotic duty. I want to take this opportunity of congratulating my genial friend, the Minister of Public Works upon the success he attained in the patriotic duty he was engaged in at that time. That success was considerable and has been heartily approved by the people of Ontario and the people of Canada in general. On that occasion the Prime Minister, answering a

question asked by my right hon. leader (Mr. Mackenzie King), stated:

I can assure my right hon. friend that when he looks at it he will regard it as being the acme of patriotism, inasmuch as communities which have little claim except their adherence to the time honoured tenets of the great party which he has the honour to lead, have not been forgotten.

I want to deal with those words of the Prime Minister and endeavour to find out if there has been an equal distribution of this work among the different constituencies and divisions of Canada regardless of the political adherence of the representatives of those communities. I intend to deal particularly wi h Quebec as I am more or less familiar with that province. The former Minister of Public Works (Mr. Elliott) has dealt with Ontario and I shall not attempt to touch upon that province or any other province. In looking over the schedule of the bill I find that the first place in Quebec which is to be benefited by the provisions of this bill is Beauport, to which $20 000 has been allotted. Beauport is in a Conservative constituency. The next place is Berthierville, to which $48,500 has been allotted. I do not know whether this amount would have been allotted last week had the government known that the hon. member for Berthier-Maskinongé (Mr. Barrette) was going to leave his party when an important vote was taken in this house on Friday evening.

Mr. STEWART (Leeds): Does the hon. member know that in the estimates for 1930-31, prepared by his hon. friends, provision was made for a building in Beauport?

Mr. MERCIER (Laurier-Outremont): No, I did not know that.

Mr. VENIOT: Why did you not carry it out?

Mr. MERCIER (Laurier-Outremont): It should have been carried out before. As has been said before, it is coming four years too late.

Mr. MANION: Better late than never.

Mr. MERCIER (Laurier-Outremont): The next item is $25,000 for Brownsburg. I think I am correct in stating that that is in the constituency of the hon. member for Argenteuil (Sir George Perley). The next place is Cantic, to which $31,500 has been allotted. At first I credited this as being in a Liberal constituency, but I see I made a mistake. Under the new redistribution act, as you will remember, Cantic as well as Lacolle forms a part of that famous Polish corridor which runs from the St. Lawrence to the Richelieu river in the present constituency of my hon. friend from St. Johns-Iberville, so that there will be in the next election some doubt as to the political adherents of this new county. But it has not been overlooked and we find that $31,500 is devoted to the purpose. The minster will explain just what this amount is for when the schedule is under study. The same situation exists so far as Lacolle is concerned. Lacolle is at the extreme southern end of the county of St. Johns at the present time, but it has been put into the new constituency of Chateauguay-Huntingdon, and the amount of $35,500, which I had allotted against the Liberal constituency, should be placed in the other column. The next is Champlain. We find that there is a sum of $18,000 in connection with Lorne drydocks, then we find $26,000 in connection with the Champlain drydock. Then there is $88,500 credited to the Liberal constituency of Chicoutimi. For a public building at Farnham there is a sum of $58,000. At Father Point there is provision for wharf reconstruction, $25,000. In the Liberal constituency of Grande Riviere there is a sum of $64,000. At Lake St. Peter there is a sum of $12,000; that is in a Conservative constituency; and then we find the sum of $5,764,000 allotted to Montreal. I will come back to that in a moment. On the north shore of the St. Lawrence $9,000 is voted; that is in a Liberal constituency. At Pointe au Pic there is the sum of $156,000 and at Port Daniel there is $23,300. In the city of Quebec there is an amount of $1,315,000, and it is hard to say exactly in what division these works are to be carried on; but you can regard this as a positive fact, that in the spending of this $1,315 000 the Liberal members from the city of Quebec will not have much say; the Solicitor General will have the disposal of that expenditure. The next constituency I find is Rimouski, a Liberal constituency, where there is $20,000, and at Riviere Ouelle, in the county of Kamouraska, there is provision of $40,000; that is Liberal. In Rouyn, in the Lake St. John district, which is represented by a Conservative member in this house, there is an item of $63,000. The next is Sorel; the ex-Minister of Marine was lucky in having the sum of $100,000 voted for his constituency. At St. Joseph d'Alma we find the sum of $30,000; this is a Conservative constituency. And the Minister of Marine has not forgotten himself in voting $40,000 for St. Lambert. The member for Saguenay was fortunate in obtaining $22,000 in that Liberal constituency. As regards Three Rivers, the hon. member for Sherbrooke went very thoroughly into this matter, and I find on examining the schedule

that the sum of $400,000 was voted for that city. In Timiskaming, in the county of Pontiac, there is the very large sum of $475,000. That constituency is represented by a Conservative member in this house. I do not know what this work will be. The last item on the list is the sum of $25,000 for Valois, in the constituency of my good friend the member for Jacques Cartier. The minister will no doubt explain this amount to us when the item is under consideration. Valois is a summer resort on lake St. Louis, and I doubt whether the population is 500. There is nothing but summer cottages which are unoccupied in winter. How the government is going to spend $25,000 at Valois I do not know. It is a very charming place and I congratulate the member on having obtained this amount, although I cannot see what its usefulness will be.

An hon. MEMBER: I think you forgot Chicoutimi.

Mr. MERCIER (Laurier-Outremont): I mentioned it, $88,500.

Mr. GOBEIL: $153,000.

Mr. MERCIER (Laurier-Outremont): I have $88,000 and I stick to it.

An hon. MEMBER: What about Edmonton?

Mr. MERCIER (Laurier-Outremont): If you want to go to Alberta, more than half the amount in the province goes to Calgary, the constituency represented by the Prime Minister. But to come back to Montreal. What struck me most in examining this schedule was that most of the amounts were items that should have been in the main estimates rather than in this special measure for public works. We find that the sum of $200,000 is voted for an armoury for the 17th Duke of York's Royal Canadian Hussars, and that amount can be attributed almost to anyone. I have nothing to say in that regard. Then we find $2,000,000 for a public building addition. I suppose this is the new customs building on McGill street, Montreal. This site was acquired a great many years ago and a certain amount of work has been done on the lot. The pillars are there, the place has been fenced in, and it is only right that at this time something should be done to supplement the expenditure that has already been made there. The next amount, taking Montreal, is for the postal station at Notre Dame de Grace, $136,000, the site of which has already been acquired. In Notre Dame de Grace, in the coming elections, it is possible that there will have to be a new government candidate, because the member for the present constituency of Mount Royal does not reside in Notre Dame de Grace, nor does the member for St. Antoine reside there, so that there will be a new government candidate in this division when the next election, so ardently hoped for, comes along. There will be a new Conservative candidate, I say, and something must be done to ensure in the minds of the government the election of that candidate. Therefore we find the sum of $136,000 voted, to be spent on a postal station in this part of the city.

I represent one of the most flourishing cities in the province of Quebec, not quite as large perhaps as Notre Dame de Grace, but under the administration of my good friend the former Postmaster General we were lucky enough to have a post office built in the city of Outremont. But the amount was not anything like $136,000. I think it only amounted to some $40,000. I am sure that when consideration of this item comes up the minister will explain why so expensive a building is to be put up in this suburb of Montreal.

As to the postal terminal building, everyone who knows anything about Montreal is aware of what has taken place. We know that the site was acquired—that is mentioned here—but it was acquired by the former government. The sum of $1,800,000 is to be spent in putting up this building. We have nothing to say against that, we are rather commending the government for carrying out the program of the former administration. I am advised by the former Postmaster General (Mr. Veniot) that there was an item of $600,000 appropriated in 1930 to carry out this project but it was cancelled by the government.

The next item goes to prove what I said a moment ago, that many if not the larger number of items in this schedule should have been included in the main estimates, but this futile gesture is made by the government pretending to come to the relief of unemployment. This $534,000 for repaving of certain surfaces should have been in the main estimates. And further to show that the nature of this work makes it clear that it should have been placed in the estimates, we find that the last amount for the city of Montreal is for the application of two protective coats of paint on the steel structure of the harbour bridge. A bridge of the importance and value of the Montreal harbour bridge has to be painted every now and then. That is not a matter of special relief but an ordinary expenditure that should have gone into the estimates.

The next item is for the reconstruction of eleven raceways at the Windmill point pier, $339,000. Under the former administration a sum of $1,500,000 was voted to carry out this work, but that was cancelled and now this government comes along with its belated generosity and votes the meagre sum of $339,000. Then we have another amount of the same nature, certain protection works against sifting of filling material supporting grain elevator No. 3. This is a work that had to be done of necessity and there is no special commendation to be given to the government for putting it in this measure. The next amount for Montreal is a sum of $242,000 for raising of a fronting wharf, sections 38, 39 and 40. That is work that should come under the ordinary expenditures of the government and should have been in the estimates, it should not be placed here.

I want to add my word of blame, Mr. Speaker, of the government for the clause in this bill which allows the granting of contracts for sums not in excess of $25,000 without calling for tenders. With great surprise also we find nothing in this bill calling for the fair wage clause. We know what has been going on throughout Canada as regards wages paid—

Mr. STEWART (Leeds): That is provided in our specifications for all works that we undertake and in all works that we do by day work we conform to the act.

Mr. CASGRAIN: Why do you not put it in the bill? It is not stated in the bill.

Mr. STEWART (Leeds): It does not need to be in the bill because it applies to everything.

Mr. HUMPHREY MITCHELL (East Hamilton): I just wish to make a few general observations on this bill. First I want to congratulate the government on launching this public works policy. I think it is sound in principle, and that in adopting it they have followed the lead given by other countries of the world in an endeavour to break the spell of this depression. I have no criticism whatever to offer in that regard.

Further, I think that the government should be congratulated particularly on the financial policy of using the nation's credit rather than borrowing money for this undertaking. I believe it is an experiment, and I have no criticism to offer as to their being cautious in launching such a policy. If it is successful and proves sound it can be extended to much of the work set in motion by the government in the future.

The work to be done in my own city, where rentals at the present time for offices used by the government amount to $52,000 a year, is a productive enterprise that will result in a large saving. With the self-liquidating provisions of the bill it will return to the people of this country the capital expenditure involved.

What I wish to bring to the attention of the government is the question of the fair wages policy. I am not unmindful of the fact that the fair wages act provides that:

> Every contract made hereafter with the government of Canada for construction, remodelling, repair or demolition of any work shall be subject to the following conditions respecting wages and hours:

But in subsection 2 the act says that:

> The provisions of this section shall not apply to persons employed in fabrication or manufacture of materials, supplies or equipment for use in the work contemplated where such fabrication or manufacture is carried on in any established plant or factory other than a plant or factory established for the purposes of the work contemplated.

Especially in view of the disclosures in the price spreads committee, I think the fair wages policy in connection with this work should be all-embracing. I believe the government should give leadership in this connection, should insist that every nut, bolt, screw and piece of wood or equipment that goes into this program should be fabricated or produced under fair wage conditions. Might I give as an example the furniture industry in this country, on which much light has been thrown during the past year. I think the government should insist that any furniture that goes into these buildings should be produced and manufactured under fair wage conditions, with wages that provide for a standard of living at least equal to what we consider a fair Canadian standard. I leave that suggestion with the government, notwithstanding that the act eliminates these establishments where the fabrication takes place from the fair wages requirements. I believe it would be wise on the part of the government to extend the provisions of that act to bring these establishments within the compass of that policy in connection with this undertaking.

Then I believe that every job should be awarded by contract. I would not accuse the government of endeavouring to use any of this work for political purposes in the broadest sense—

Mr. CASGRAIN: No doubt they will do so.

Mr. MITCHELL: —but I believe the safest way to overcome that evil is to insist that

every undertaking set in motion shall be let by contract. Then in the big undertakings I believe that every subcontract should be registered with the government. I do not think that what are known as broker contracts should be permitted, where the main contractor gets the contract and then chisels the other contractors down to provide a profit for himself. I believe every contract of any kind or character that is awarded should be registered with the government in order to prevent the intrusion of the broker contractor.

I believe also, Mr. Speaker, that the government should give a lead in regard to the establishment of the six hour day. I believe the main purpose of this legislation is to distribute purchasing power among the building tradesmen of this country, and in passing I may say that it is a fact that the building and construction industry is the real cesspool of unemployment. I think it is a fact that eighty per cent of the money expended in construction goes in wages, and in view of the fact that the policy of the government is to take people off relief I think it might be well to experiment with the six hour day. I believe we are going to get the six hour day whether we like it or not; it is just a question of time. I believe it is a sound principle, and it might be well for the government to give leadership in that direction. It might be argued that it is not practicable, but I would point out that it would not be necessary to have a break in the midst of the six hours for meals or anything else; if necessary you could run two shifts, and in that way you would spread out the work so that as much as possible might be given those who want to put their hands to some productive enterprise.

I hope this government will not make the mistake that has been made by the government of Ontario in connection with some of their construction work. They insisted that a man must be on relief before he could take advantage of the work. I believe there are hundreds and thousands of people who have made every effort, who have used up the savings of a lifetime, in order to stay out of the relief offices. I believe those people should be given some measure of recognition. It should not be necessary for a man to be on relief before he can get work under this program. My main interest is that as many men as possible should be given work under this policy. In connection with the subcontracts I should like to point out that through the letting of these contracts by broker contractors the employees themselves may be placed outside the provisions of the workmen's compensation laws, and even the fair wage policy of the government. That is why I believe the government should insist that all these contracts must be registered, so that every bit of work done should be carried on under the legislation that has been enacted for the protection of men and women engaged in the industrial life of this country.

In conclusion I want to congratulate the government on launching this policy. I believe that in the next five years the respective governments will have to take an active part in launching building programs for the purpose of eliminating the slums of this country. I believe we might take a leaf out of the book of the British government, who launched an enormous home building program partly financed by the government. I believe that if the interest rates do not come down policies will have to be formulated and set in motion by the respective governments of this country looking to the abolition of the slums and the provision of housing accommodation of the kind we think is necessary in the life of this country.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): With the alleged purposes of the measure as set forth by the Minister of Public Works (Mr. Stewart) I think all parties in the house will be in agreement. The threefold purpose, as the minister described it, was that of providing employment, providing useful public services in the form of buildings and other construction work, and stimulating activity on the part of others to do likewise. I call these the alleged purposes, because it seems to me that if they were the real purposes this measure would have been brought down many months ago instead of in the concluding hours of the session. The circumstance that the bill is brought down at this time within a few days of the prorogation of parliament, together with the sections of the bill itself, give one good reason to believe that the emergency referred to in its provisions is not so much one with respect to unemployment as it is an emergency with respect to the government's own position in appealing to the people, as they no doubt will, in the very near future. The bill has all the earmarks of a measure introduced for the purpose of assisting the administration in a general election. Parliament is asked to vote a public works program amounting to $40,000,000 on the eve of a general election; that in a nutshell is what the measure is.

May I point out to the minister wherein I think an examination of the measure will reveal its political intent. In the first place, were this an unemployment measure introduced for

the purpose of setting an example to others and of stimulating employment, it would have been brought down long ago. I would remind the house that it was November 20 last when the Prime Minister publicly announced that during the course of the forthcoming session a program of construction of public works would be introduced. When I read the announcement, I thought, judging from what little knowledge I have of political affairs, and of hon. gentlemen opposite, that it meant a general election at the end of the session, that the government was preparing the way for a program of public works to be put forward, not in the regular way in the form of a supply bill, to be voted as estimates for public works, but as a measure supposedly in aid of the unemployed. During this session I have watched pretty carefully to see just when this program would be brought down, and the longer it was postponed the more certain I became that it indicated the near approach of a general election. Several times during this session I asked the Prime Minister when we might expect this public works program. He gave one reason after another, or I should not call them reasons; I should say he gave one excuse or apology after another for the delay. Once he said the program was like Jonah's gourd, that it was getting larger and larger, and numerous demands were being made which he had to consider. Later on we were told that it would not do to have it suggested that he was seeking to bribe the people with their own money by bringing down the program while the elections in Saskatchewan and Ontario were under way. But I would point out, Mr. Speaker, that long before there was any announcement of an election in Ontario or Saskatchewan, long before those dates were fixed, there was ample opportunity for the government to have introduced this program.

As a matter of fact, if this program really was intended to assist the unemployed and stimulate industry, it would have been brought down early in the session in the regular way, in the public works estimates, which would have insured proper control of the expenditure by this House of Commons. It is now almost July 1. As the minister knows better than anyone else, it takes a certain time to prepare plans for public works. Tenders have to be called for, or ought to be called for, and that takes more time. As a result we will be fairly well along in the year before this particular program, which is intended to take the place of the dole, will be in operation. What has been happening in the meantime according to the government? The government has been telling us that in the meantime conditions have so improved we do not need the amounts formerly required as assistance for the unemployed. They have told the different provinces that after the middle of July they will discontinue giving any more moneys for direct relief, that those moneys are not needed, and that the fifteenth of July will see the end of any necessity of the kind. They are seeking to persuade the public mind to the idea that under this administration conditions are improving.

Let me pause for a moment to ask this question: How are they improving? The government has already spent out between one and two hundred millions of public money to improve conditions, all taxes of the people. I suppose when, during an election campaign, reference is made to this public works program the situation of trade under it will be pointed to as further evidence of great improvement. However, the fact which will not be stated by the government is that it all is fictitious improvement where the taxes of the people are being spent to effect that end, and where the device of inflation is being resorted to so as to make it appear that prosperity is greater than that which actually obtains. In other words, the measure is just one more of the many measures the government has brought forward this session devised for election purposes and containing provisions intended, if possible, to beguile the innocent electors into believing that in some way or another the conditions of the country have been improved. The fact is that it is at his expense and from his taxes that this temporary stimulation is made possible.

Another feature which to my mind makes clear that this bill is intended as an election measure is the one pointed out by the hon. ex-Minister of Public Works (Mr. Elliott) and other hon. members, namely that the bill does away with the necessity of calling for tenders by public advertisement before public works of an estimated cost of $5,000 or over are to be commenced. I can see no defence whatever for inserting in the present measure a section which runs distinctly counter to the provisions of the Public Works Act. I believe this feature is important enough, to justify me in placing on record the section in the Public Works Act to which I have referred. In order that the house and country may have before it the law respecting the construction of all public works, and the law which has governed during the last four years, I shall quote section 36 of chapter 166 of the revised statutes of 1927. Ever since this government took office we have been passing

emergency measures, but, until this measure was introduced, one designed for the purposes of a general election, no attempt has been made to get away from the principle of securing tenders by public advertisement. Section 36 to which I have made reference is as follows:

> Whenever any works are to be executed under the direction of any department of the government, the minister having charge of such department shall invite tenders by public advertisement for the execution of such works, except in cases—
>
> (a) of pressing emergency in which delay would be injurious to the public interest; or
>
> (b) in which from the nature of the work it can be more expeditiously and economically executed by the officers and servants of the department; or
>
> (c) where the estimated cost of the work is less than five thousand dollars and it appears to the minister in view of the nature of the work, that it is not advisable to invite tenders.

That has been the law of the land for many years. It has governed the expenditure of all federal public moneys, and it is a law which should not be departed from. The minister cannot urge that these are emergent measures, because, if they were emergent, he should and would have brought in his bill six months ago. The fact that he has waited until the present time to bring it in makes it quite clear that there is not a single item in the program which is in the nature of an emergency measure, and for that reason he is not in any way justified in setting aside the clause in the Public Works Act to which I have referred. If the minister leaves in the present measure that clause allowing the government to evade its obligations under the statute with respect to calling for tenders by public advertisement, I say this action will be prima facie evidence of the government's desire to use this particular program for political purposes rather than for the purpose of assisting the unemployed. It will be for the purpose of enabling it to give contracts to political friends of the government, to people who the government believes will at the time of a general election best serve its interests. I do not think that sort of procedure ought for one moment to be countenanced by this parliament. While some hon. gentlemen opposite may entertain a different view, I am inclined to believe that in their heart of hearts the majority of them agree with me in the view that any attempt to depart from provisions in a statute which have been framed with a view to protecting the public treasury is unwarranted, unquestionably when such action is taken obviously for election purposes. In the long run it will do more harm to them than to anybody else. I say that is a procedure which in this parliament we should not countenance. Let the minister continue to deal with these contracts as his department has been and is dealing with other contracts.

There is even less excuse for the government bringing down the present measure in the form they have, because many months ago their attention was drawn to the desirability of adhering strictly to the general rule which gives this house control over expenditures for public works, and which obliges the carrying out of public works contracts in accordance with statutory provisions. When I saw mention in the speech from the throne of the intention of the government to have a public works program, I was prompted in what I said in the debate on the address to refer to the matter. The following words, directed to the Prime Minister, are to be found at page 39 of Hansard:

> If large sums of public moneys are to be spent for public works, this House of Commons should have the same control over these expenditures as it has over the ordinary expenditures of government. We should not be asked to vote to the government a lump sum of money for the purpose of carrying out public works wherever and whenever it pleases during any portion of this year or next.

That surely was a direct intimation to the government that adoption of the course they are now attempting to pursue would not be accepted by the opposition, and would quite properly be regarded with suspicion. Then I added:

> If we need public buildings to serve public purposes they ought to be voted in the estimates in the way in which we are accustomed to vote the items for the various public works.

The Prime Minister gave an evasive answer to that proposition. I noticed at the time of his speaking that his remarks were evasive, and I thought—

Mr. STEWART (Leeds): Does not my right hon. friend think that the schedule to this bill meets the requirements as to details which he has mentioned?

Mr. MACKENZIE KING: No, not at all. I am glad the minister has raised that question. When we come to the schedule, is the minister going to permit us to pass on each of the items, to move to strike them out, or to add others, if we wish to add others? It is understood we are at liberty to do that?

Mr. STEWART (Leeds): I would not say "to add others" because that involves an expenditure on the part of the government. As my right hon. friend knows, nobody has the right to do that, except the government.

Mr. MACKENZIE KING: The minister states then, that we are at liberty to vote on the individual items, does he?

Mr. STEWART (Leeds): Deal with them just as we deal with the estimates. That is what we are proposing to do.

Mr. MACKENZIE KING: I am glad to have that assurance. We are not however in a position to move an amendment, as we would be on a motion to go into supply; we cannot, for example, present a want of confidence motion. The form in which the bill is prepared presents the items in the form of a schedule, and there is a clause in the bill which, if carried, would adopt the schedule as it stands, without any change one way or another. However, in view of what the minister has said, when we come to that particular section of the bill he will probably allow the section to stand until the schedule has been gone over clause by clause, and then we may adopt the schedule after that. So much to the good.

May I point out to the minister the effect of this? Looking at the schedule the work falls into two broad classes. There are public works which the minister says are necessary. Well, if they are necessary, why were they not put in the public works estimates and treated as estimates of public works? There is the other class of item, of works largely in the nature of repairs, the renovating of wharves, buildings and the like. Those are part of the regular expenditure on public works, and the effect of bringing down a measure in this form is simply this: The government in announcing its total expenditures to the country, as an evidence of economy points to the total expenditure amounting to such and such a figure, omitting altogether what is voted for public works under this bill which claims to be for the purposes of the relief of unemployment. But there are forty million dollars in this measure being credited to the relief of unemployment which really ought to be made a part of the total expenditure of the administration, and which ought to be put down as part of the regular expenditures of the government for this year.

May I say to the minister, since he has said that we are to all intents and purposes dealing with this matter as we deal with the ordinary public works, that I hope he may see his way to carrying out that point of view to the extent of complying with the requirement of the Public Works Act, which requires that wherever any of these amounts to be spent exceeds $5,000 the work should be awarded by tender, and the tenders publicly advertised.

The next earmark of the general election purposes of this measure is the obviously unfair allotment of work, and expenditures for public works, the manner in which the work has been distributed. That has been referred to by several of those who have spoken this afternoon. A moment ago one of the members from the province of Quebec pointed out how carefully these public works had been allotted to certain constituencies which are at the present time represented by hon. gentlemen opposite, and how constituencies represented by hon. members on this side of the house had been completely left out.

I am a member of this house for one of the constituencies in the province of Saskatchewan, and I cannot perhaps better illustrate the unfairness of this measure as one which has to do with the relief of unemployment than by drawing attention to just what is taking place with respect to the province of Saskatchewan and contrasting it with what is being done for the adjoining province.

I have gone carefully through the schedule, and I find that out of all the items there are only two which relate to the province of Saskatchewan, one which my hon. friend the member for Regina has succeeded in getting for his own constituency, and the other for the constituency of another hon. member on the other side of the house. With the exception of those two items, one for Outlook Saskatchewan, for a bridge across the south Saskatchewan river, $275,000, in the constituency I think of the hon. member for Rosetown (Mr. Loucks), and the other an item of $400,000 for a new public building at Regina, there is nothing for the province of Saskatchewan, though as we have heard over and over again from the members for Saskatchewan on the other side of the house as well as on this, no province has been in so great need of relief as that particular province.

May I draw attention to a further circumstance. Let us see what has happened in the adjoining province of Alberta. I find that one-half of the total amount that is voted for the province of Alberta goes to the constituency represented by the right hon. the Prime Minister (Mr. Bennett). There are three items, all of which go into the Prime Minister's own constituency:

Banff, Alberta, post office and administration building, $150,000;
Bow River, Alberta, retaining wall, $150,000;
Calgary, Alberta, barracks for permanent force, $1,200,000;

There is a total altogether of $1,500,000 for the seat of the right hon. the Prime Minister.

Now how has the Prime Minister dealt with the leader of the opposition? For the constituency of Prince Albert which I represent, there is not a single dollar. I really do not think I need say much more than that to illustrate what I am alleging about the political purposes of this whole schedule. It reminds me of what took place in the concluding week of the last session of parliament when we had before us a redistribution bill, and the constituency which the Prime Minister represents was so readjusted as to make his position more secure, while the constituency which I represent, Prince Albert, was so gerrymandered as to remove from it those parts which gave the largest Liberal majorities in previous elections.

That is the kind of fair play and decency that we who are members of this house receive at this present time, when moneys are being voted for the alleged purposes of helping those in need of employment and to serve not only a patriotic but a humane end. Under the guise of those laudable purposes we are having as a result of this particular legislation a piece of diabolical political trickery. I could point out also where in previous estimates very large sums in addition have been voted for the Prime Minister's constituency.

Mr. CASGRAIN: For the Calgary post office in 1930.

Mr. MACKENZIE KING: I am the more surprised because the Prime Minister cannot have been ignorant of the needs of the Prince Albert constituency for much in the way of very necessary public works. I have in my hand a program with respect to public works which was communicated by the mayor of Prince Albert in September, 1933, to Premier Anderson of Saskatchewan, setting forth the projects that he regarded as necessary. The mayor of Prince Albert at the time was, and I believe still is, a member of the Conservative party, but I doubt if he will be after he sees this bill. We all know too that Premier Anderson was interested at that time in the well-being of the Conservative party. In the communication from the mayor of Prince Albert the projects which are pointed to as being necessary are such all important and necessary projects as hydro development on the Saskatchewan river; highways and colonization roads; the clearing of lands for cultivation; grade separation in Prince Albert city; an interior storage elevator in Prince Albert city; reforestation in Prince Albert district; and the development of Prince Albert national park.

[Mr. Mackenzie King.]

Those are all projects that were known to the government of the day here just as they were known to the government of Saskatchewan, because they were brought to the attention of the administration here, and the administration has had them before them in preparing this program. May I draw attention to a telegram which I received only this morning, from L. W. Andrew, city clerk of Prince Albert, Saskatchewan? It refers to a resolution, not from the members of a politcal party, but passed by the city council of Prince Albert. The telegram reads as follows:

Right Hon. W. L. Mackenzie King,
Ottawa, Ont.

A resolution passed at a meeting of the city council on this date is as follows:

Whereas there has been and still exists a very serious unemployment situation in the city of Prince Albert and no immediate prospect of improvement, and whereas the city council of the city of Prince Albert feel that a national works program should be undertaken in this city to alleviate present conditions where fifteen per cent of our population are on direct relief at the present time, the city council therefore strongly urges that the following projects be undertaken by the dominion government: the construction of a union depot, grade separation, and airport and air harbour.

L. W. Andrew,
City Clerk.

That message was not sent by the city council of Prince Albert without the citizens seeing the necessity for these particular projects, and feeling that they have a right as taxpayers to share with other constituencies in this country in the much needed improvements being undertaken, amongst other reasons, for relief purposes. Unless the members of the government are prepared to meet some of these necessary obligations in constituencies other than those represented by themselves and their following, I tell the government that they will find they will have to pay a heavy price for that kind of partisanship in dealing with public moneys appropriated for relief purposes. I notice the hon. member for Saskatoon (Mr. MacMillan) is in his seat. I know his interest in the Prince Albert national park. While this park is in the constituency of Prince Albert it is recognized throughout Saskatchewan as being an enterprise which belongs to the entire province and which serves a need of the entire province. From that point of view the hon. member for Saskatoon has been very strong in his advocacy of the purposes of the park. I have always joined with him, as he has with me, in the support of that point of view. I hold in my hand a communication, not from Prince Albert but from Saskatoon. This is from the Saskatoon board

of trade and is dated May 29, 1934. It is addressed to the Hon. T. G. Murphy, Minister of the Interior, Ottawa, Canada, and is signed by Mr. J. H. Holmes, commissioner. I again remind hon. members that this communication comes from a board of trade, this time the Saskatoon board of trade. It is as follows:

I am instructed to advise you that the Saskatoon board of trade has unanimously supported the resolution of the Prince Albert board with reference to development in the Prince Albert national park, which speaks for itself and of which I understand you have the original.

The exceedingly small appropriation for Saskatchewan is creating some comment in the province, where the park is regarded by the public generally as its one and only natural playground. Because of this, and because of the newness of the park, there are many developments essential before it can be fairly advertised to the tourist traffic as a holiday resort at all. The small appropriation reported in Hansard, scarcely sufficient for maintenance expenses when compared with funds provided for other federal parks, seems entirely out of all reasonable proportion.

The unanimous request of our board members is that in reviewing the proposed estimates for the various national parks in Canada, you will reconsider the Saskatchewan allotment, and with the knowledge that the amount now set down is entirely inadequate and out of all proportion to the allotments for the other prairie provinces, you will endeavour to provide in the supplementary estimates an amount requisite for the continuance of the developments already projected in this province.

I think that is a most reasonable request to be made by a representative body such as the Saskatoon board of trade or the Prince Albert board of trade. There is no institution in the province which is of greater service to the people than the Prince Albert national park.

Mr. MacMILLAN (Saskatoon): I suppose the right hon. gentleman is aware that there is an item of $2,000,000 under the Department of the Interior which can be used for park development. I suggest that he discuss this matter with the Minister of Public Works (Mr. Stewart).

Mr. MACKENZIE KING: I am aware that there is an amount which may be used, but I am not aware that it is going to be used. When we take up that item I hope the Minister of the Interior (Mr. Murphy) will assure us that he is going to see that out of this amount there is set apart a considerable portion for the needs of the Prince Albert national park. I see the minister is in his seat and I ask him kindly to be prepared to tell us when we are discussing the schedule what proportion of the amount appropriated for national parks will be allotted to the Prince Albert national park.

There are as I have said, but two items in the whole program allotted to the province of Saskatchewan. As hon. members know quite well there has been no province that has suffered as Saskatchewan has suffered from many causes of distress. There has been no province in which there is greater need for relief, and I am amazed that the government should have brought down this schedule in this form with such vast amounts being allotted to some of the other provinces and so little for Saskatchewan which needs help so greatly.

Mr. HANSON (York-Sunbury): They have had about $40,000,000 in the last three years.

Mr. MACKENZIE KING: My hon. friend says that they have had about $40,000,000 but according to what hon. gentlemen on the other side have told us, all the money spent in Saskatchewan was needed because of starvation conditions facing the farmers whose crops had been completely destroyed.

Mr. HANSON (York-Sunbury): And to take care of their debts.

Mr. MACKENZIE KING: I am not going to argue the point. All the provinces have been receiving much from the administration in the way of relief but no province has required relief as much as Saskatchewan. I think it is an extraordinary circumstance that in this measure there should be only this small provision for that great province. I might say a great deal more but I shall conclude by reminding the house that after all this is the money of the taxpayers of Canada regardless altogether of their political affiliations. They are all helping to pay the bill and they should be entitled to an equal share of any value that is to come from this public expenditure.

The Minister of Public Works still has a chance to redeem the situation a little, and when we get into committee on the bill, I hope he will permit us to strike out that clause which frees him from the obligation of calling for public tenders in connection with any contracts to be awarded. I hope to that extent at least he will give us assurance that this money is not going to be used exclusively to serve political ends, rather than the ends of humanity and the needs of the country. It is rather significant that after the government has been in office for four years and is, I believe, on the eve of an appeal to the people, we have had to wait until the moment at which the government is trying to save itself to get some of the relief in the form of work which long ago should have been given to help to save the people.

Mr. F. W. GERSHAW (Medicine Hat): Mr. Speaker, I should like to say a few words on this motion and urge the minister

to reconsider in a general way some of the items on the program. I notice that of the $40,000,000 involved, about $32,000,000 is for public buildings. Provision is made for the spending of $1,200,000 for barracks for the permanent forces in Calgary. I have no doubt that the situation has been canvassed but I make an appeal to the minister and to the Prime Minister (Mr. Bennett) in particular, to consider changing that and some of the other items even at this late date and substituting for them items which I think will add much more to the general welfare of the people of the province and of the country. I hope that they will do something in the way of water conservation in the dried out districts and provide for the construction of sewage disposal plants in our larger cities and towns.

Mr. HANSON (York-Sunbury): We do those things for ourselves.

Mr. GERSHAW: The ranching industry is one of the great primary industries of this country. At the present time these ranchers are on the verge of ruin largely because of their inability to get a sufficient water supply. I should hope that some of this money could be spent in these ranching districts so as to conserve water which flows so freely in the spring and provide water holes, so that the stock at various places can be supplied through the summer months. Such a policy would give work in the rural districts where it is very much needed. It would help to assure the permanency of that great industry and it would benefit a large number of people who will derive little benefit from the buildings which this measure proposes to construct. In addition to that, many of the cities and towns are situated upon the rivers and waterways. The sewage from these urban districts usually finds its way into the water, often with very little treatment, and communities further down stream have their health endangered because of the insufficiency of treatment which this sewage receives, because the purification by air is not sufficient to make it safe for human supply. I wish therefore to urge the minister to reconsider some of these items and make provision for the two projects I have mentioned, I realize that he will say this is a provincial or municipal responsibility, but after all the money is paid in taxation by the same people. The distinction between dominion and provincial responsibilities is not so clear at the present time, and I should say that these things I have mentioned would really add to the wealth of the country. In the case of water holes, they would be productive and would be an aid to industry. And in building for the future, surely it is up to us to consider the human aspect and to construct those works which would be of the greatest general benefit.

BANKING AND COMMERCE

Mr. R. B. HANSON (York-Sunbury): Mr. Speaker, by unanimous leave of the house may I request you to return to routine proceedings to enable me to present the tenth and eleventh reports of the select standing committee on banking and commerce. This matter affects two private bills that were before the committee this afternoon.

Mr. SPEAKER: By unanimous consent.

Some hon. MEMBERS: Carried.

Motion (Mr. Hanson) agreed to.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

DUPLATE SAFETY GLASS COMPANY

The house in committee on Bill No. 12, respecting patents on certain inventions of which Duplate Safety Glass Company of Canada, Limited, is entitled to benefit—Mr. Lawson—Mr. Stirling in the chair.

On section 1—Power of commissioner of patents to grant patents.

Mr. CAHAN: Mr. Chairman, I wish to call attention to certain particulars in reference to the bill itself and certain principles which I suggest should be followed by the committee in regard to a grave matter of public policy. The bill is entitled:

An act respecting patents on certain inventions of which Duplate Safety Glass Company of Canada, Limited, is entitled to the benefit.

I think I can show conclusively to the committee that the Duplate Safety Glass Company of Canada, Limited, is not entitled by law or by practice to the benefit of the several inventions which are covered by the patents the numbers of which as granted in Great Britain are set forth in the preamble. These several improvements with regard to the manufacture of glass were the inventions of certain inventors in France. In cooperation with the inventors in France two French companies at successive dates applied for and

obtained fifteen patents covering certain processes in glass manufacture. Under a convention which was signed by Canada at The Hague on November 6, 1925, and ratified by Canada on May 1, 1928, it is provided in article 4 that any person who has deposited an application for a patent in any one of the contracting countries shall enjoy, for the purpose of deposit in other countries, and reserving the rights of third parties, a right of priority for the period of twelve months from the date of the deposit of the first application in any country which is a party to the convention. That is to say that within twelve months from the date on which an application was made in France for a patent the French inventor was entitled to apply in other countries which were parties to The Hague Convention for the Protection of Industrial Property for a patent in that country covering the same invention.

The French companies proceeded to apply for patents in the United States and patents in Great Britain. Although the United States is not a party to the union or to the convention, congress has provided by law that a foreign patentee, that is the inventor who obtains a foreign patent, may apply at the patent office at Washington for a patent covering the same invention. But in the United States the application must be made, as under the convention, within a term of twelve months; no further extension of time is allowed, and if the application is not made at Washington within twelve months then the invention falls into the public domain and is open to public use throughout that country. In Great Britain the same rule applies, because England is a party to this convention. If an application is made in France for a patent, then within twelve months from the date of the filing of the application in France the applicants must make application at the patent office in London if they desire to obtain a patent there.

It has been held by the exchequer court in a decision by Mr. Justice Audette in 1924 that in Canada an application may be made under the convention within twelve months from the date of the application in the foreign country —and I include Great Britain as a foreign country in that respect—but that under another subsection it is held that an application may be made here within two years from the date of the grant of the patent in the foreign country. That rule has been followed by the Canadian patent office. By that rule, allowing twelve months under the convention, and allowing two more years under the decision of Mr. Justice Audette, applicants have practically three years from the date of the filing of the application in the foreign country within which to apply in Canada. Under that rule for a number of these patents the time within which application may be made in Canada has not yet expired. I shall refer to them by the English numbers, because although I have investigated and have the French numbers, the English numbers are placed in this bill, I think for purpose of camouflage and not otherwise. Patent No. 376219 still has under our law until October 11, 1934, within which application for a patent may be made at the patent office in Canada. Respecting patent No. 385843 the inventor has until January 5, 1935, to apply for a patent in Canada; respecting patent No. 393491 until December 31, 1934, within which to file an application for a patent in Canada; respecting patent No. 389314 until March 16, 1935, to apply for a patent in Canada. I therefore object to the house passing a special act providing for the granting of patents in Canada which are similar to foreign patents, when the applicants already have ample time within which to apply to the patent office in the ordinary way and have their applications investigated and decided upon by the commissioner. If the commissioner gives an erroneous decision then they can appeal from the commissioner to the Exchequer Court of Canada. I think as a matter of public policy we should not encourage applications to parliament for special acts providing for patents when the ordinary machinery of the patent act is still open to the applicants.

Those conditions, however, do not apply to the eleven other patents which are mentioned in the preamble to this bill. These eleven patents never have had force or effect in Canada. There is no right, title or interest outstanding in Canada with respect to those patents, to which any person in Canada or elsewhere can claim any beneficial interest whatsoever. They are patents which are, to use the ordinary phrase, in the public domain, and the inventions which they cover may be used by any manufacturer in Canada; they may be bought and sold in Canada without the payment of any royalty. The patent rights have never existed in Canada, and therefore no beneficial interest thereunder can be deemed to exist.

Patent No. 310838 was applied for in France on May 1, 1928. The applicants had twelve months within which to make applications in other countries under the convention, so the last day for an application for patent priority in Canada or in any other

country of the union was May 1, 1929. The applicants applied at Washington within the twelve month period and obtained a patent. They filed an application in Great Britain on March 18, 1929, and the patent was granted which is referred to by its English number in this preamble. Patent No. 340108 was applied for in France on March 13, 1929, and there were twelve months in which to obtain priority in Canada, which would be until March 13, 1930. Within that twelve month period the applicants applied both at Washington and in Great Britain, the application in Great Britain being dated November 27, 1929. So I might go through the list of these patent applications, because we have taken the trouble to examine the English patents and, so far as our records disclose them, the facts with regard to the French patents and the dates on which they were applied for.

This has been the result: allowing the applicants the twelve months from the date of the application in France; then allowing them what is not allowed by any other country of the union, but only allowed in Canada by reason of a decision given in 1924 by our exchequer court and a subsequent change in the act to conform to that decision, that is to say, one year from the date of the application, because usually a year elapses before the patent is granted, and also allowing them two more years from the granting of the patent in France or in England, wherever it was granted first, these eleven patents to which I have referred are out-dated in one case by five years and in other cases two years and nearly two years. So the time for each application in Canada has long since expired, and our act, under the interpretation which has been given to it, grants more widely extended privileges as to time than any other act to which I have been able to obtain access.

No application has been made to our patent office with regard to any of these patents. I have explained that applications may yet be made with regard to four of them, and my contention is that these patents should not be granted by a special act. Allowing the two extra years the time expired, for one of them at least five years ago; for another the time expired more than two years ago. In connection with others the time expired approximately two years or more ago. I have the dates, which have been worked out and with regard to which I need not trouble the house.

Though these patents never had existence in Canada, and though the time had elapsed within which applications could be made in Canada, on November 21, 1933, the Duplate Safety Glass Company allege that they entered into a contract with Pilkington Brothers, of Liverpool, who are alleged to have previously acquired the English patents. The house is well aware that the English patent gave Pilkingtons no rights whatever in Canada; Canada happens to be an independent jurisdiction, in respect of patents. When the Duplate Safety Glass Company entered into a contract with Pilkingtons I am advised, and I think I can state it with absolute accuracy, that the Duplate Safety Glass Company were fully informed that there were no patent rights outstanding in Canada, and that, with regard to the eleven patents mentioned, the time had elapsed for the filing of applications here, including the first twelve months from the date of the application and the second term of two years from the date of the granting of the first patent. There was no deception whatever on the part of Pilkington Brothers. They disclosed all the facts to the Canadian company which is now promoting this bill. So that when the Canadian company applies to the House of Commons for this special legislation it is applying for a grant of a specific monopoly with regard to eleven inventions for the manufacture of glass, which inventions are now the property of the public. The main invention for five years, and the subsidiary inventions for terms of three and two years, may now be used at will by any manufacturer in Canada.

I suggest to hon. members that this is a case in which parliament should not intervene to create a private monopoly of the nature and extent of the one herewith proposed. As a matter of public policy I think this house should refuse to enact the measure. It is not an easy task for a minister of the crown to administer an office such as the patent office. It is fortunate that whenever the commissioner acting under the direction of the minister is in error, there is an appeal to the Exchequer Court of Canada in order that the remedy may be given by judicial decision. But that office is open to very grave temptations. I believe that the men now administering the office, although the temptations are great, are perfectly honest in their administration of it. But the applicants for this private monopoly, which it is now sought to create and establish in Canada by means of these patents, might just as well ask from the treasury of Canada a grant of $150,000 or more, because if these patents, which are proposed to be established in Canada, were put up to public auction one might obtain very large cash considerations for them. However, they are not for sale. They are the property of all those who are manufacturing

in Canada at the present time. But if this bill is enacted the Duplate Safety Glass Company of Canada, Limited, will have a monopoly of the manufacture under these fifteen patents. It will not only have a monopoly of the manufacturing, but if these glasswares are imported from the United States or France or England, where they are being manufactured, the importer will not only have to pay the customs duties imposed by parliament for revenue and for the protection of Canadian industry, but such importer can be compelled by the Duplate Company to pay a special royalty on every pound of glass of that nature imported into Canada. This glass is becoming of great importance in the automobile and elevator trades because it does not splinter as does ordinary glass, and under the suggested legislation the Duplate Glass Company may demand a royalty from every person in Canada who uses this glass either when imported from abroad, or made by any other manufacturer in Canada except the concern which is granted this special monopoly.

These being the facts I ask the House of Commons to consider whether or not, as a matter of public policy, this House of Commons should pass the bill. It is granting by legislative enactment a private monopoly covering fifteen inventions, a monopoly which would be subversive of the interests of all Canadian manufacturers of the same or similar products who are now entitled, of their own right, to import, to make or to use these products without payment of any licence fee or royalty to any person or company in any part of the world. I contend that the enactment of the proposed bill will enable the promoters, without any shadow of right or claim, except such as they may acquire under this special enactment, to demand and receive in Canada from importers, manufacturers and users, licence fees or royalties during the term of sixteen to eighteen years, to which they have no right, title or interest whatsoever. I contend that the creation of such a private monopoly by special legislation invariably tends prejudicially to affect and injure the industrial and commercial interests of Canada, and to impair the effective administration of the patent office which happens for the time being to be under my supervision, as Secretary of State, and which I am bound, by my oath of office, properly to administer. I do not wish to use too strong terms, but it seems to me that the passage of this measure would be a prostitution of the parliamentary powers conferred upon this parliament to promote the interests of a private monopoly which should not be created or allowed to exist.

Mr. LAWSON: Mr. Chairman, I should like to speak on the bill before any final disposition is made. The bill in question, of which I am the sponsor in this house, seeks to extend the time under which applications for certain patents may be made. The Duplate Safety Glass Company of Canada, Limited, entered into a contract with the holders of certain French and British patents to have the right to manufacture the glass in this country and to have the exclusive right, as they then thought, under protective patents.

The glass is an invention of such a nature that upon being struck, instead of shattering and flying into pieces which may cut one or cause injury, it merely crumbles. In the private bills committee we had several demonstrations as to its usefulness.

Mr. BENNETT: Is it covered by four or eleven patents?

Mr. LAWSON: I understand that the complete process is covered by eleven patents, but I am unable to state to the house just to what extent each patent applies.

This application was made because of an error on the part of two patent attorneys. The inventor instructed a French patent attorney to take out patents in France, the United Kingdom and other countries, and the French patent attorney wrote a firm of patent attorneys in New York city and instructed them to take out patents in America. Unfortunately the attorneys in Washington or New York concluded that apparently America meant the United States, whereas the French attorney intended the whole of the North American continent, and notwithstanding the statement of the Secretary of State (Mr. Cahan) that he was informed at the time the deal was made the Duplate Glass Company had knowledge of the fact that these patents did not exist so far as Canadian patents are concerned, I can only say that the statement was made in the private bills committee that it was during the course of closing the deal for the acquisition of the Canadian patent rights that the Canadian company discovered that there were no Canadian patents, and hence this application.

The Secretary of State said that under the law where a patent application is refused by the patent commissioner an appeal may be had to the exchequer court, but certainly it will be obvious to all the legal members of this house that such an appeal can deal only with a question of law. If an inventor made application for a patent and the commissioner held, for example, that the invention was not patentable, then we might have

an appeal, but obviously when the time has expired within which you can make application there is no ground upon which one can appeal to the exchequer court, and the purpose of this bill is to extend for a period of three months from its passing the time within which that application for a patent may be made to the commissioner of patents.

Again there is considerable dispute on an interpretation of the act and the decision of the exchequer court to which the Secretary of State referred, as to just how long overdue this application is. I think I need not enter into any quarrel in that regard because, irrespective of that, the principle of the bill is the same.

As to the four patents in respect of which it is alleged by the Secretary of State that they are still within time to apply, I have investigated the matter and I find that to be correct and when I conclude I shall move an amendment to strike out those patent numbers from the preamble to the bill, which will then allow the applicants to make their application in the ordinary way to the patent office.

Prior to the discovery by the Duplate Glass Company that they were not protected with Canadian patents they had made an investment in machinery and plant for the purpose of manufacturing this glass in Canada of some $20,000. Needless to say, when they discovered the difficulty they ceased to continue a contemplated investment of $100,000 but have been manufacturing small quantities of this glass with the plant which they have available.

I should next like to point out to the house that there is nothing particularly new in a bill of this kind being brought before parliament. Before the private bills committee seven precedents were cited. It is within my recollection since I have been a member of this house that we have had such bills before the committee, and on each occasion the question for decision by the committee and by parliament has been whether or not in the particular circumstances of each case an extension of time should be granted.

The Secretary of State lays some emphasis on the question of monopoly. I will quite freely admit that if this bill is passed, and if in pursuance of this extension of time the commissioner of patents ultimately grants a patent, then it does create a monopoly, but it only creates the same kind of monopoly as is created in every single instance in which a patent is granted by this country in respect of any invention.

[Mr. Lawson.]

Will such a monopoly be injurious? At the present time this glass is not manufactured in this country except to the limited extent of the investment of the Duplate Glass Company. It is imported from the United States and France, and even with the limited extent to which it is manufactured by the Duplate Glass Company at the present time the price at which it is offered for sale in this country is one-third less than the imported article. I am assured by the parties interested in procuring this bill that if they are allowed to have some protection in connection with this matter they will make an investment of somewhere between $100,000 and $150,000; that they will employ three or four times the number of men who are now employed and that the glass will be on sale and available to the Canadian public at one-half the price they were paying for the imported article. Again I ask, will monopoly injure? I suppose the largest plate glass company in this country is the Consolidated Plate Glass Company. It was pointed out to me by the manager of that company that there is not a sufficient demand in Canada to support two manufacturers of safety glass. Consequently, although as alleged by the Secretary of State the right to make this glass has fallen into the public domain, nevertheless no one has sought to make it during these years that it has been in the public domain, and I fail to see how by giving protection to a firm that is now willing to make it, provide employment, and sell the article to the Canadian public at a price far less than the imported article, we are going to create a monopoly whch will be injurious to this country or how we are going to prostitute the powers of parliament.

Mr. STEVENS: Mr. Chairman, for fifteen years or more I have voiced opposition in the house to bills of this character. It is my conviction that during many years past a number of such bills as this have been passed and patent rights established which, if all the facts had been fully understood by the members of the house and the public generally, would never have been granted.

I think it should be borne in mind that the basic reason for the granting of a patent by the state is to preserve to some talented individual the right of his discovery. It is assumed that a discovery of some new and useful device or some scientific discovery or formula which will be of benefit to humanity may be made by an individual who is himself perhaps unable financially to promote the manufacture or production of the article, and that therefore there should be preserved to

him some of the winnings, shall I say, that come from the discovery which he has made. And so, through all the years and I think in all countries, the idea of granting a patent is to preserve to the individual the benefits that go with the discovery that has been made. As time has passed and as industrial development has become more complex and on a much wider scale than was perhaps true of years ago, the value of patents has become less according to the ability of the individual to press forward the merits of his discovery or to bring it into general use. I think it has become increasingly difficult for individuals to get the full merit of patents. Very often large corporations will purchase for a comparatively small figure the rights of a patent, put it away and never use it because the new device is such that it might conflict with some article already on the market and well established in their industry. In dealing with matters of patents I think the major duty of parliament is to preserve the interests of the individual primarily responsible.

The article here dealt with is a certain type of glass, a new type of glass. This is something which is very generally used and which is needed or required by a large number of industries. It is alleged that a patent attorney in France made an error or committed an oversight when dealing with a patent attorney in New York and instructing him to take out patents in America. Because the patent attorney in New York did not safeguard the interests of his clients in Canada, it is argued that this group of individuals have a right to come to parliament and ask for the special legislation now before us. It is very difficult for me to believe that a patent attorney in France would be so ignorant of what is necessary to establish his rights in various parts of the world that he would overlook a place like Canada. I am quite certain that a patent attorney in Canada would not advise an attorney in Paris to look after his interests in other European countries, and then pay no more attention to the matter. I am quite certain that when the patent attorney in Paris got his returns from the patent attorney in New York he at once recognized that he had received protection in but one country, namely, the United States. In addition to the United States, there is Mexico on the one side and Canada on the other. It is difficult to conceive that such an error could be made, and it certainly does not appeal to me as the reason why parliament should pass a special act to vest this patent in the applicants.

The suggestion is made that the granting of this patent will possibly result in the establishment of a new industry in Canada. I certainly would like to see a new industry established in Canada but I cannot conceive why the failure to obtain these patent rights would deter a bona fide industry from entering upon the manufacture of this class of glass. I am not at the moment familiar with the rate of duty upon this article, but that rate would be the same whether or not there was a patent granted. So far as the particular industry is concerned, the protection would be precisely what the tariff provides. In my opinion there is no argument in that contention. The only additional advantage to the applicants would be to obtain the exclusive right of manufacture in Canada, and that exclusive right of manufacture would mean the charging of royalties to those who desired either to make or use this glass. The advantage to anyone who wished to manufacture this glass in Canada of securing this special bill authorizing the issue of this patent would be that he could charge higher prices for the glass because he had a patent. I cannot follow my hon. friend in his argument in that respect. My hon. friend said that it would likely result in the cutting of the price of glass, but here again I find it difficult to follow him because the only difference in the price of glass would be the amount of the royalty, and that could be cut only if the individual securing the patent rights were to make the price of glass so much higher than otherwise would be necessary.

For a great many years I have raised my voice in this house in opposition to this class of bill. I feel it is unwise and very often improvident for this house to give these special rights. Very often we are asked to revive a patent which has completely expired. If I remember rightly, a patent right expires in Canada after eighteen years, which is two years longer than in Great Britain. We are frequently asked to extend this right because an article has not been manufactured or for some other reason. I think parliament should be exceedingly careful in these matters. I reiterate what I said a moment ago. In the first place, the object of a patent right is to protect the interests of the individual who makes the discovery. The assumption is that if the individual does not take advantage of his patent right within a reasonable time—I have forgotten the exact time, but I think it is two or three years—the right then expires and it becomes, as the Secretary of State (Mr Cahan) has so well defined, part of the public domain. I am sorry that I must differ with the hon. member who is sponsoring this bill but I take very strong exception to its passage. I do this, first, because of the general principles

which I have indicated, and, second, because of the specific reasons which are inherent to this particular case, and which have been so ably put forward by the Secretary of State. I regret to say that as far as I am concerned I shall have to express my opposition to the bill by voting against it.

Mr. BROWN: Mr. Chairman, for once at least I find myself in hearty agreement with the Minister of Trade and Commerce (Mr. Stevens). He has outlined the reasons why patents are granted. I am heartily in sympathy with the principle of the granting of patents to men who have invented something useful for humanity. I think they should be allowed to reap in a large measure the benefit of their skill and industry. I am not nearly so favourably inclined to the large companies which secure patents from individuals. I think it is a well known fact that many clever inventors have lost almost the entire fruits of their inventions because they have been grabbed up by some of the big moneyed powers. When we come to deal with large companies or corporations I am not so leniently inclined as I would be towards a private individual. It is true that parliament on a number of occasions has passed special bills reviving patents which have been allowed to lapse because of some slight error. I have been in the private bills committee now for a number of years and on several occasions we have had such questions to deal with. But it seems to me that the circumstances surrounding this particular patent are very different from anything we have had before us up to the present time. I can scarcely imagine, as the Minister of Trade and Commerce has pointed out, that the attorney in Paris would be so completely ignorant as has been suggested he might be. I know that in regard to many of the cases that have come before us I have had some hesitation in voting for an extension of the time during which a patent might be acquired; for in some instances it did seem that the attorney who had the matter in hand had not taken action, or had failed to take action until it seemed desirable in the interests of those for whom he was asking that action should be taken. However, I shall not go into that matter at any length.

Undoubtedly this particular patent is a matter of great interest to the Canadian people. The granting of a monopoly to this company for a period of sixteen or eighteen years would unquestionably place a heavy impost upon the Canadian people. The hon. member who is promoting the bill has made an argument which it seems to me will scarcely stand investigation. He tells us that the company is now manufacturing in small quantities and selling that glass at half the price of the imported article. Well, if it is doing that and can do that, why can it not continue to do it? The company has the protection of the duty, but it wants not only the protection which undoubtedly our friends on the other side would be willing to accord it, though we will not enter into that question at the moment, but also the right to collect a royalty on all glass imported. I ask any hon. gentleman in this house, does he for a moment seriously believe that a company which is now manufacturing this glass at half the price of the imported article will continue to manufacture it and sell it at that price when it has the exclusive monopoly, when it has not only the protection accorded by the tariff but also the right to collect royalties? For my part I certainly intend to oppose the bill.

Mr. CHEVRIER: For the same reasons which in the private bills committee warranted my voting against the bill, I will vote against it now.

Some hon. MEMBERS: Question.

Mr. CAHAN: I move that the committee rise.

The CHAIRMAN (Mr. Stirling): Mr. Cahan moves that the committee rise. Shall the motion carry?

Some hon. MEMBERS: No.

The CHAIRMAN (Mr. Stirling): Those in favour of the motion will say aye.

Some hon. MEMBERS: Aye.

The CHAIRMAN (Mr. Stirling): Those opposed will say nay.

Some hon. MEMBERS: No.

The CHAIRMAN (Mr. Stirling): In my opinion the nays have it. Shall clause 1 carry?

An hon. MEMBER: No; take a vote.

Mr. CAHAN: Mr. Chairman, I think—

Some hon. MEMBERS: Out of order.

Mr. BENNETT: He is not out of order.

An hon. MEMBER: Clause 1 is carried.

Mr. BENNETT: No; clause 1 is not carried. The motion is that the committee rise.

Mr. SANDERSON: On a point of order, Mr. Chairman, did you not declare that clause 1 was carried?

The CHAIRMAN (Mr. Stirling): No.

Mr. SANDERSON: With all due respect to you, Mr. Chairman, what did you say?

The CHAIRMAN (Mr. Stirling): The motion of Mr. Cahan was not carried. The question is now on clause 1.

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

Mr. CAHAN: Clause 1 provides:

If within three months from the passing of this act application is made to the commissioner of patents for the grant of patents on the inventions described in the British patents hereinbefore referred to, the commissioner shall consider and act upon the said applications notwithstanding any limitation of time contained in section 7 of the Patent Act.

In the ordinary course an application must be made by an inventor or by the assignee of the inventor. This provision is so broad that it allows any person whatsoever to make an application for the granting of this patent, without specifying that it must be made either by the inventor or by the assignee of the inventor, and on that ground I think the clause is altogether too wide, although I am opposed to it on general grounds as well.

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

Mr. BENNETT: Surely this committee realizes the seriousness of the situation with respect to this matter. This is not an ordinary transaction at all but a matter in which parliament is asked to do something it has sometimes done on previous occasions, very much to the detriment of the public interest. I have opposed these matters so frequently that I abandoned the idea of endeavouring to do so, because the committee had usually been well canvassed and commitments had been made in a friendly way without a realization of what was involved. In this matter a tremendous principle is involved. We are asked to amend the Patent Act of Canada so as to provide that a special privilege shall be conferred by way of patent on a process not patented in this country, and there is an international side of it that influences me entirely. We, unfortunately or fortunately as you will, saw fit to become parties to an international arrangement and approved of it in 1928. Having done so, we must not place ourselves in the position where it will be alleged that in bad faith we have—

The CHAIRMAN (Mr. Stirling): Nine o'clock.

PUBLIC WORKS CONSTRUCTION ACT

The house resumed consideration of the motion of Hon. H. A. Stewart (Minister of Public Works) for the second reading of Bill No. 113, to provide for the construction and improvement of certain public works and undertakings throughout Canada.

Mr. MARTIAL RHEAUME (St. John's-Iberville) (Translation): Mr. Speaker, I think that this bill No. 113 is introduced for a political purpose. On September 11, 1930, at the special session, I requested work to relieve unemployment in the town of St. John's which I have the honour of representing in the house. To a question I put to the hon. Minister of Marine (Mr. Duranleau), whom I am pleased to see in his seat this evening, he replied:

As to the second question asked by the hon. member: the deepening of the Richelieu river, my views on the subject are well known. I believe that this river should become a means of transportation from the St. Lawrence to lake Champlain, and I trust that I shall have the support of my colleagues in connection with this matter, as soon as it is found possible to act.

The hon. Minister of Marine certainly could have found it possible, under those circumstances, to fulfil his promises of the special session of 1930. In the course of the last electoral campaign, the hon. minister, who represents Chambly-Vercheres in the House, made promises of which some hon. members reminded him, he replied, at the time, that he could not remember having made such a statement. I trust he will not deny the excerpt which I have just quoted and which can be found at page 132 of Hansard, September 11, 1930. The hon. minister would have been worthy of praise had he remembered the Chambly canal.

I note in the Annex A of this bill an amount of $40,000 for St. Lambert. In 1931, an amount of $69,000, included in the appropriations for unemployment work, was expended in St. Lambert on a retaining wall. Of the $20,000,000 voted at the special session of 1930, $415,000 only was expended in the province of Quebec yet the county of Chambly-Verchères obtained $129,000 of that amount. The hon. minister could have, under the circumstances, remembered the Chambly canal. I think that $40,000 would have been better expended in improving that canal than by building a retaining wall at St. Lambert; it would also prove more profitable to the hon. minister, at the next election. The Chambly canal has been neglected for a few years past. Last year, hardly 100 boats passed through it during the summer. This year, for the first time, ever since I remember, the water was let in the canal on June 1. If the hon. minister, according to his statement, had wished to carry out the Liberal party's program, the oppor-

tunity was then offered to him. The Liberal party, under Sir Wilfrid Laurier's regime, in 1908, 1909, 1910 and 1911, had expended thousands of dollars to deepen the Richelieu river. It would have been a worthy act to carry on this work and not to allow the outlay already made in the Richelieu river to be a total loss.

I note in the Annex an amount of $35,500 for Lacolle and another amount of $31,500 for Cantic. Ever since the advent of the Conservative party to power in 1930, we have tried without success to have this work done, unfortunately, these localities are represented by a Liberal member and we have no chance whatever of succeeding. Since the redistribution of counties last year, the parish of Lacolle has been included in the county of Chateauguay-Huntingdon, and I note that $67,000 has been appropriated solely for Lacolle and $3,500 for Huntingdon—$70,500 for a county as large as my hand.

This afternoon, the leader of the Liberal party stated that this bill was introduced with a political end in view. The hon. member for Laurier-Outremont (Mr. Mercier) analysed the work proposed for the province of Quebec, going over the entire schedule, and our hon. friends opposite cannot deny that this work is being done with a political end in view.

I note that there is an item of $272,000 for Three Rivers. By this act, the hon. Minister of Marine perhaps intends to carry out the promises he made in 1931 and which were not fufilled up to date; however, this amount of $272,000 for Three Rivers is not sufficiently large to save the hon. member who represents that county to-day. Moreover, the outlay of $40,000 in St. Lambert will be of no avail to the hon. Minister of Marine to save him at the next election.

Work was requested by the town of Iberville which suffers from unemployment, for instance, work to improve the wharf of that locality. If there is one place in this country where money should be expended to improve a wharf, it is certainly at Iberville. That town is quite important. All are aware that the Richelieu is a beautiful and navigable river. Iberville possesses an old wharf only 75 to 100 foot in length. Requests were made on various occasions, in 1931, 1932, 1933 and 1934. Unfailingly the answer was: There is no money. Under the present circumstances, it would have been an act worthy of praise. If this program of public works had not had a political end in view, certainly the town of Iberville would have been remembered and the Chambly canal would have been improved. The hon. minister is aware that this canal is very important. It was for Chambly-Bassin and Chambly-Canton a source of revenue which does not exist to-day because they are neglected and no improvement is made.

Some attempt was made, hardly a few months ago, to obtain funds from the Department of Railways and Canals to make improvement along the Chambly Canal which borders the national highway from Rouse's Point to Montreal. By improving the Chambly Canal, by dredging and building wharves, it would have been possible to widen the road. Very little material would have been required and it would have provided much work to the unemployed of the town of St John's. Within the last four years the town of St. John's has expended each year between $40,000 and $50,000 to relieve its unemployed. The government should not have granted favours but shown a sense of fairness towards the county of St. John's. Such was not the case, I am aware that this measure has a political end in view, nothing else.

Last winter, work was carried out on the locks at St. John's and along the canal. However, no work was given to the unemployed. To be employed on the Chambly canal it was absolutely necessary to have a letter of recommendation from the Conservative candidate so that men from Chambly and elsewhere were brought over there thus depriving the unemployed at St John's. Probably, because there are too many Liberals in St. John's; I can see no other reason. I state that it is a shabby procedure, on the part of the Conservative party, to refuse work to unemployed, heads of families, simply because they are supposed to be Liberals, while work was given to sons of Conservatives whose fathers were working and in no way were in want. When there were more than 350 unemployed receiving the dole, work was refused to these people because it was absolutely necessary that their applications be approved by the defeated candidate. As the latter is acquainted with every one and knows to what party they belong, those who were supposed to be Liberals were out of luck. The proof that these public works have a political end in view is that the government delayed introducing this bill until after the elections of Ontario and Saskatchewan, under the plea that they did not wish to influence the people of those provinces. In the county of Brome-Missisquoi, at Farnham, a beautiful little town, $58,000 will be expended for a public building. No reason is given. At Huntingdon, the wealthiest county of Quebec, where public

works are the least required, $70,000 is granted. I therefore protest, sir, and contend that such public works have a political object in view.

Mr. THOMAS REID (New Westminster): Almost every member on both sides of the house, I believe, is agreed that the effort to provide employment through a public works program is very desirable. But in this program it is evident to me at least that the needs of the provinces have not been considered very carefully, at any rate the province from which I come has not received anything like equal treatment with the other provinces. I note that out of some $40,000,000 the amount allotted to British Columbia is just over $2,000,000. Might I draw attention to the fact that over $2,000,000 is allotted to one city alone in Canada, and more than to the whole of the province of British Columbia. The Prime Minister at various times has chided us for raising the cry of east against west, but when I look over this program of works I cannot help but feel that in the west, and particularly British Columbia, there is some justification for that cry. I would point out that so far this year $9,000,000 has been provided for the development of harbours and rivers on the Atlantic side of this country and only some $273,200 for the ports on the Pacific coast. Therefore, Mr. Chairman, is it any wonder that we rise in our places and ask when are we in British Columbia going to receive anything like the same treatment that has been accorded this year and almost every year since confederation in expenditures looking to the building up of the Atlantic coast? I repeat that this same state of things has already happened this year—almost nine millions appropriated for the Atlantic side and only a little over a quarter of a million for the Pacific coast.

Dealing with the bill before us I am not going to repeat what has been said by various speakers, that certain districts and certain provinces have been favoured over others. I am not going to say a great deal about what has been given to the city of Calgary, but it is interesting to note that over one million dollars, or more than fifty per cent of what the whole of British Columbia is to receive, is to be expended in the city of Calgary. Further I am not unmindful of the fact that considerable sums were spent for buildings in that city in 1930. If it were a question of providing works where necessary I would draw this to the attention of the minister—and I might say the various parts of the program I have in my hand have been given to both the Minister of Public Works (Mr. Stewart) and the Prime Minister (Mr. Bennett). Speaking of one, we have in the city of New Westminster a post office which was constructed in the year 1900 when there were only some 10,000 people in that city. Since then the district has grown until to-day some 60,000 people are served by that post office. So acute are conditions for those who have to deal with postal matters there that an annex has been provided close to the main building, and I am going to tell the minister of the conditions existing in that annex. The size of the annex is twenty-one by forty-two feet, and in it there are housed forty-three people. Bear in mind that this is an outside building. The parcel post and letter carrier deliveries have been inaugurated since the main building was erected. The rapid growth in population not only of the city of New Westminster, but of the surrounding district has made conditions for the workers there terrible, and it is no exaggeration to use the word. I have visited there; I was there before coming to Ottawa. I am surprised that they have had to carry on for so long in such cramped quarters. There are also three rural mail routes totalling some ninety miles, on which the volume of mail is very heavy. The main post office building is a one story structure. The ground for the extension was purchased many years ago; plans were drawn up and submitted to the department; they were O.K.'d by the postal authorities, but nothing has been done about it.

The minister may say, "Why was it not done when the Liberal administration was in power?" I can only say that if it had been my privilege to be here they would have heard about it. I am holding no brief for what was done or not done previous to 1930; I can only speak for the time I have been in the house, but certainly this situation should not have been overlooked. The minister may say that in the present bill some $300,000 is provided for Fraser river improvements. I am not objecting to that, but I would remind the minister that those improvements should have been dealt with in the main estimates. As proof of that statement I have under my hand the recommendations made by the district engineer last December, which include that sum for river improvement work. I expected when I came here that I would find the amount provided either in the main estimates or in the supplementaries, but for some reason or other it has been carried forward and placed in the bill now before the house. I claim that if British Columbia had received her fair share according to population she would have received some $3,000,000, while if it had been

intended to help the province most necessitous and the people in it who are unemployed the amount would have been much larger.

May I remind you, Mr. Speaker, that the province of British Columbia is carrying a burden that is not being carried by any other province, in that there are some ten thousand transients on relief in British Columbia who have come from the other provinces of Canada. I heard the minister say that he hoped municipalities and provincial governments would carry out similar works, but I should like to ask him how that is possible for municipalities and provincial governments that have passed through some four years of economic distress, and especially in British Columbia where we have at least four or five municipalities in bankruptcy. In one of the municipalities I represent one in five of the people is on relief. It is impossible for the municipalities to carry on works such as those in the bill before us.

I was interested in following the discussion as to fair wages, and I noted that the minister rose to say that this was provided for. I would remind the minister that while that provision may be in the Public Works Act my experience would indicate that the contractors find ways of getting around that law. I drew one case to the attention of the minister, where a contract was let for rock work in the Fraser river. The work was sublet to another contractor, who paid only half the wages the first contractor would have had to pay under the fair wage clause. When I got after the dominion government about it the minister admitted that he did not know a great deal about that contract which had been sublet. It may be provided in the act that no contract shall be sublet without the authority of the minister, but I know that has been done in the past. Contracts involving considerable sums of money have been let to subcontractors who have cut the wages in two, which permitted the contractor to make large profits. I had another case in connection with the shingling of the armoury in New Westminster. The regular price for shinglers was, I believe, eighty cents an hour. The contract was sublet, and the subcontractor obtained workmen at some twenty-five cents an hour. This was stopped only after I drew the matter to the attention of the department here, and they found that the contract had been sublet without permission from Ottawa. The government should enforce the provision which states that contracts shall not be sublet without the authority of the department. I know that provision is in the Public Works Act, but it has been evaded, and I would urge the minister to see to it that under this program no contract is sublet without the entire authority and approval of the minister. We all know what subletting means; the man who obtains the contract sits back and draws his profits for doing nothing, while the subcontractor has to try to make it up—and does make it up—by bleeding the workmen and paying them low wages.

I also believe that full publicity should be given in connection with these contracts. This bill may be designed to give employment to those in need, but I do not see in it any provision similar to that section of the relief act which states that no discrimination shall be shown. I would suggest to the minister that if the bill is designed primarily to relieve unemployment in this country, a section should be inserted stating that no discrimination shall be shown as between Liberals, Conservatives and those holding other political views. I believe necessity should be the only requirement necessary in order to obtain work.

When we get into the bill I shall have a little more to say with regard to the section. I see nothing here for the development of the shipyards of this country. That is another proof that the bill has not been designed entirely with a view of relieving unemployment and helping to develop the country. We have some thirteen shipyards in the Dominion of Canada, and we require many ships to carry on our work, such as dredges, lightships, and so on. At the front door of this building we have the statement:

> The wholesome sea is at her gates,
> Her gates both east and west.

But here is a program providing for the expenditure of $40,000,000 or perhaps $50,000,000, which does not contain one item looking to the development of what could be and should be one of our major industries, that is, shipping.

My main reason for rising at this time, Mr. Speaker, was to protest against the treatment meted out to us in the province of British Columbia.

Mr. ALPHONSE FOURNIER (Hull) (Translation): Mr. Speaker, although approving of the principle involved in the execution of public works to relieve the unemployed, I regret that the county of Hull, which I have the privilege of representing, has been ignored by the government in the bill under consideration.

Each time I spoke in the house, and this is every session, I exposed to the government the situation of the city and county of Hull.

We are at a disadvantage, from an industrial viewpoint, owing to our geographical situation. Previously, the city of Hull possessed numerous industries which afforded work to a population which, at present, comprises 29,339 people. Our population is almost equal to that of Three Rivers or Sherbrooke. This means that we occupy, so far as population is concerned, the fourth or fifth place in Quebec.

The present crisis, the depression and unemployment have indebted the city to such an extent that within the last two years, we have had a yearly deficit of more than $100,000 and, more precisely, in 1932-33, the deficit amounted to $115,000; in 1933-34, $140,000. We are so situated that it is impossible to further provide for the one-third required for direct assistance. The unemployed, in Hull, instead of decreasing, seem to be on the increase. We still have 7,077 persons depending on the dole, at a cost of $30,000 monthly. Our arrears in taxes amount to more than half a million. If the city must continue the dole system, it will have to pass under the control of the municipal commission.

This situation was exposed to the government in all fairness by my opponent in 1930, Mr. J. N. Beauchamp. The city authorities have directly communicated with both dominion and provincial governments; they even submitted a list of public works to be carried out. We had hoped to obtain fair play being so close to the capital and being part of the federal district which it is intended to embellish; moreover, the government has acquired in our locality a piece of land so as to turn it into a park.

The population is unanimous in protesting against the treatment dealt out to us. It is not a question of party politics, and both the dominion and provincial, governments seem to be of the same mind in their endeavours to relieve those in want. Our situation is most distressing, I therefore deem it my duty, this evening, to associate myself with my constituents in strongly protesting.

In April, I again state, a list of various enterprises was submitted to the hon. Minister of Public Works (Mr. Stewart), because there was certainly work to be done in our city. I was furnished with a copy of this list which is in the hands of the Minister of Public Works. Improvements were requested on the post office building. For the last three years, the post office building has also been used by the National Revenue department. If I am not mistaken, the latter collected in 1933, almost $300,000 for the treasury. These various services are located in too small a building for the work to be efficiently carried out, this applies to the post office and national revenue. An extension or improvement costing barely $15,000 was suggested for this post office which requires to be gone all over and painted.

We suggested—this was requested even under the former administration—the erection of an armoury. We take pride in having in our midst one of the finest Canadian regiments, the Hull regiment which, at present, has no special building. We think that the government instead of paying rent to private owners, could have erected an armoury. We have in the city, two very dangerous level crossings. One on the Aylmer road, the highway linking two provinces and extending to Pontiac, Temiskaming and Abitibi. On another road which is the outlet for the Gatineau, on Montcalm street, in the very centre of the city, there is also a very dangerous level crossing. We suggested that two viaducts be constructed at a cost of about $50,000 to $75,000 each. I do not think that our requests were unreasonable.

Truly, we were amazed to note that not even a minimum fraction of what we requested was granted to us. We also asked for some help to repair the City Hall. We requested that the same procedure be followed as when, in 1907, the dominion government built the park which surrounds the City Hall, at Hull. A retaining wall was necessary on the Ottawa river—I think the government is building such walls in a number of counties—to prevent landslide and protect the Principal, Courcelette and Langevin streets.

I shall not refer to the construction of the bridge on Bank street ending at Langevin street, in Hull, which would help in relieving the traffic on the Interprovincial bridge. I could quote other undertakings. It is a list which was suggested to the government in March—

Mr. BARRETTE: (Translation): By whom?

Mr. FOURNIER (Translation): By Mr. Beauchamp, my opponent at the last election. I personally interviewed the hon. minister after the visit of Mr. Beauchamp. This shows that I have no political object in view; it is simply to help the 7,000 people who, at present are in distress in my constituency.

Mr. BARRETTE (Translation): Indeed, the intention is excellent!

Mr. FOURNIER (Translation): The city council has also submitted a list of which I

could furnish a copy to the Minister of Public Works. To-day although protesting, may I inquire of the government whether they could not grant us at least a slice of the $2,000,000 mentioned in item 78 and which is destined to build roads, aqueduct, drainage, and electric lighting systems, and protective work on rivers.

My second request, which I think is quite fair, is that Ottawa should look upon Hull as one of its outside suburbs—

Mr. BARRETTE (Translation): As its daughter.

Mr. FOURNIER (Translation): I should not like to use that expression, because it would, at times, be an ill-treated daughter.

Hull is considered like one of the suburbs of the city of Ottawa. A large amount is expended in Ottawa to improve public buildings. I would request, at least, that the unemployed of Hull be employed in carrying out this work. If the hon. Minister of Public Works would only issue instructions to that effect to the superintendent or to the person who will be in charge of such work, the people of Hull could benefit by it like the unemployed of Ottawa.

Without wishing to criticize, I saw in an item that the beautiful city of Three Rivers would be granted about $400,000. I do not blame the government in favouring those who support their policy; however, they should not be given the whole cake, leaving no crumbs for other constituencies of the province. The citizens of Hull contribute to the dominion treasury, probably as much as the city of Three Rivers. Our people have paid their taxes, as well as they could, for the last four years, and certainly do not deserve to be treated thus in the bill under consideration. May I inquire of the government whether it would be possible to reconsider the bill and grant us some appropriation.

Mr. BARRETTE (Translation): Chicoutimi fares better than you do.

Mr. FOURNIER (Translation): The situation is very distressing. I reside quite a distance from Chicoutimi. I am pleased that this town benefits by the government's favours; however, the city of Hull should not be considered like a stranger in Quebec or the dominion. May I request the government to help us; if not directly, at least indirectly by giving work to our unemployed in Ottawa.

Hon. ALFRED DURANLEAU (Minister of Marine) (Translation): Mr. Speaker, I had no intention to take part in this debate; I wanted to leave to my hon. colleague (Mr. Stewart) the task of guiding his bill through the house. However, since two or three of my colleagues opposite have thought fit to discuss questions concerning Montreal and my county, I deem it my duty to briefly reply.

This afternoon, the hon. member for St. James (Mr. Rinfret) displayed an extraordinary zeal for our beautiful Montreal city. He reminded the government of its duty towards this city with reference to relief—direct relief or otherwise. My reply to the hon. member for St. James is that the government, since the day it assumed office has been conscious of its duty towards the unemployed throughout the country. Canada has felt the world-wide crisis, there was a lack of work, as in all other countries, perhaps in a much less degree than in a large number of other countries. However, the government made the necessary provisions so that citizens without work did not suffer from want and received help. And although the responsibility in such matters rests first with the municipalities, then with provincial authorities, and lastly, with the Dominion government, we helped all provinces and, particularly, that of Quebec and its municipalities. Neither was Montreal forgotten, quite the contrary. I think that the hon. member for St. James will be fair to the government by admitting that we have well carried out our part.

The hon. member for St. James reminded the government that it should immediately advance its quota in connection with amounts paid out, within the last few months, by the city of Montreal in order to relieve the unemployed; while awaiting that the city accounts be vouched for by the provincial authorities. May I point out to my hon. friend that we previously thought of helping the province of Quebec in order to remedy this state of affairs; the hon. member himself alluded, this afternoon, to an offer made by the Dominion government to the provincial authorities to advance $3,000,000 from the federal funds—

Mr. DENIS (Translation): On what conditions?

Mr. DURANLEAU (Translation): —to help the city of Montreal and partly to reimburse it of the amounts expended to relieve the unemployed.

Mr. RAYMOND (Translation): At unacceptable conditions!

Mr. DURANLEAU (Translation): The provincial authorities thought proper to refuse the government's offer. May I add that this government would have no objection to

an amount representing 60 per cent of the city of Montreal's accounts being advanced to help that city in the sums expended to relieve the unemployed, if the provincial authorities were willing to contribute half the amount. This would only be fair to Montreal, until their accounts are vouched for. It is not the Dominion government's fault, if the provincial government and the city of Montreal have not yet settled their accounts. We are bound to deal with the province and not with the municipality. That is why, we must wait until Quebec has audited the accounts of the city of Montreal. However, we are disposed to help out Montreal, and to follow the procedure I have just stated to the house.

What surprises me, is that the hon. member for St. James, when mayor of Montreal, did not think proper to settle this question with his Quebec government friends. It was necessary to elect another mayor to settle this question of advances to the satisfaction of the city of Montreal and its citizens.

Mr. RINFRET (Translation): If the hon. member will permit me I shall point out to him that the question is no nearer a settlement than it was six months ago and, may I add that my request is addressed to Quebec as well as to Ottawa. I made no distinction. I addressed myself to the two governments on behalf of the citizens of Montreal.

Mr. DURANLEAU (Translation): My hon. friend will discover, perhaps, before a few hours have passed, that the question is nearer being settled than he thinks, as far as the dominion government is concerned. The hon. member seemed to congratulate the government as regards its schedule of public works attached to the present bill, in connection with the city of Montreal and surroundings. I wish to thank him. I trust that our friends in Montreal will recognize that we endeavoured—

Mr. RAYMOND (Translation): At the expiry of four years.

Mr. DURANLEAU (Translation): —to have the most urgent works authorized and especially those which will employ the most people from the labouring class of Montreal.

Mr. DUPUIS (Translation): Will the hon. member permit me to put a question.

Mr. BARRETTE (Translation): Two.

Mr. DUPUIS (Translation): One will be enough, I think, for my hon. friend on the back benches. The hon. minister states that he does his utmost to give work to Montreal and other parts of Canada. I wish to inquire how it happens that his interest on behalf of the people is felt only after four years, when he had promised to give work to all in 1930, and after he had withdrawn the $50,000,000 that the previous government had appropriated.

Mr. DURANLEAU (Translation): I thought that my hon. friend from Laprairie-Napierville (Mr. Dupuis) wished to put a question pertinent to the subject under consideration. We shall have an opportunity later to reply to my hon. friend on that point.

Mr. DUPUIS (Translation): I would be pleased to have the reply now.

Mr. DURANLEAU (Translation): We shall be in a position to reply without any fear.

Mr. DENIS (Translation): Before the electors.

Mr. DURANLEAU (Translation): Our hon. friends opposite seem to forget that for the last four years a world wide crisis has held Canada in its grip. Instead of carrying on petty criticism, they should have helped the government to weather the crisis. Instead of making, in the house, suggestions of a practical order, instead of helping the government, it was thought wise for another reason than that of public interest, to unceasingly criticize. I trust that the people of Canada will realize the attitude of our friends in the house, for the last four years, and will judge them as they deserve to be.

Mr. CASGRAIN (Translation): The people gave their verdict in Saskatchewan and Ontario.

Mr. DUGUAY (Translation): In 1930 you had nothing to propose except a commission.

Mr. DURANLEAU (Translation): I had no intention, sir, to start a discussion on our general policy but simply to reply to the hon. member for St. James and briefly comment on the speech just delivered by the hon. member for St. Johns-Iberville (Mr. Rhéaume). The latter stated that the water route of the Chambly river was of great importance and contended that we should have included in the public works program a certain amount to carry on the improvement of this route.

I entirely agree with the views of my hon. friend for St. Johns-Iberville (Mr. Rhéaume) with reference to the importance of the Chambly river, I stated so on many occasions. I am convinced that the section drained by the Chambly and Richelieu rivers would later

on cater for the eastern part of the United States and that throughout this waterway, we shall be in a position to transport our products at a low rate and profitably. However, all remember that during the last four years, we had to be thrifty so as to balance our budgets and maintain the credit of Canada. Hon. members opposite should realize that it was impossible for us to carry on improvements on the Richelieu river. I may inform my hon. friends that this project is under consideration, and I hope that before long we shall be in a position to request the house to authorize certain outlays in this respect.

Mr. RAYMOND (Translation): Make haste! You will not be long in power.

Mr. DURANLEAU (Translation): So far as the work for which we are requesting authorization, one may note that we specially sought to relieve unemployment.

When we are criticized for having an amount of $40,000 voted for a retaining wall at St. Lambert, I may remind hon. members that there are, on the south shore of the St. Lawrence, thousands and thousands of unemployed, large parishes comprising former citizens of Montreal who have made their domicile on the other side of the river and who nevertheless earn their living in Montreal. We are aware in what situation these people now find themselves. Montreal thought proper, by regulations, to close its doors to workers who do not reside within the limits of the city, with the result that numerous citizens on the south shore are at present without work. We considered that the building of a protecting wall would give quite a lot of work to the people residing on the south shore. I shall point out to my hon. friends opposite that it is simply a question of extending a wall which at present is exposed to be broken by the ice in the spring; we must extend it to the mainland, so as to protect it.

Mr. BARRETTE (Translation): Hear, hear.

Mr. DURANLEAU (Translation): My hon. friend may rest assured that quite a number of people on the south shore, even those on the shores of the Richelieu and St. John's rivers may find work there.

Mr. BARRETTE (Translation): As far as Berthier.

Mr. DURANLEAU (Translation): My hon. friends who complain that the program of public works contain nothing for their counties will realize that it was impossible to give details of all the work which we intend to carry out.

[Mr. Duranleau.]

The hon. member for Hull (Mr. Fournier) pointed out just now, the items as a whole which we request the house to authorize and which amount to many millions of dollars. This will allow the government to distribute as fairly as possible the work in the various parts of this country. One must have noted the amount of $2,500,000, "harbours and rivers generally." This simply means that work will be carried out in harbours on the St. Lawrence river and other rivers from the amount included in this item. This project also comprises an amount of $2,000,000 for the Interior department. There is another item of $2,000,000 under the heading of "public buildings generally" — "improvements, additions, fittings, etc." These amounts will permit us to do justice, as much as possible, to all counties of Quebec, in all localities where unemployment prevails.

My hon. friends will note also in the schedule the last amount of $500,000. This item will again permit us to do justice to the various parts of all the provinces of Canada. May I request hon. members opposite not to complain too much. We shall endeavour to act as fairly as possible towards every part of this country and all localities where unemployment prevails.

Mr. RHEAUME (Translation): Will the hon. minister permit me to put a question?

Mr. DURANLEAU (Translation): With pleasure.

Mr. RHEAUME (Translation): To prove his good faith, his sincerity, could not the minister, out of this amount of $2,500,000 find $50,000 to improve the Chambly canal? You can also preach by giving the example.

Mr. DURANLEAU (Translation): My hon. friend will realize that I cannot give an affirmative reply this evening. These general items being authorized, it will be the duty of the government afterwards to distribute, as fairly as possible, the work. The hon. member is perfectly aware that I shall neglect nothing to obtain work to be done on or along the borders of the Richelieu river and also for the Chambly canal; the government will have to decide where the work is to be carried on.

Mr. RHEAUME (Translation): That will afford the means to the hon. minister of proving his sincerity.

Mr. DURANLEAU (Translation): My hon. friend will agree that I have the greatest interest in the beautiful Richelieu region as far as St. Johns; however, it is not always possible to obtain all that we wish.

Mr. RHEAUME (Translation): That will afford to the minister an opportunity of proving his earnestness.

Mr. DURANLEAU (Translation): I had no intention, sir, to take part in this debate, I simply wished to give a few explanations with reference to unemployment in Montreal and also as regards the work to be distributed in the various parts of Canada.

Mr. DENIS (Translation): Will the hon. minister permit me to put a question to him? On what conditions will the government advance $3,000,000 to the city of Montreal? I also wish to inquire whether he is aware that the Quebec government is willing to advance $3,000,000 to the city of Montreal, providing that the Dominion Government does likewise, and on the same conditions.

Mr. DURANLEAU (Translation): Mr. Speaker, I so stated a moment ago. As far as I am concerned, I would be disposed to request that an amount representing 60 per cent of the accounts of the city of Montreal, which have not yet been vouched for, be advanced and equally shared by the dominion and provincial governments.

Mr. DENIS (Translation): And this, unconditionally.

Mr. DURANLEAU (Translation): On the sole condition of course, that when these bills are vouched for they will equal the amounts advanced. Personally, I am ready to recommend that 30 per cent of the amount be advanced immediately by the dominion government and 30 per cent by the provincial government.

Mr. DENIS (Translation): You will not impose any condition on the province of Quebec.

Mr. DURANLEAU (Translation): As I have just stated with the sole understanding that we are to be reimbursed if the accounts vouched for do not amount to the sum advanced.

Mr. MERCIER (Translation): Reimbursed by whom? By the province of Quebec?

Mr. DURANLEAU (Translation): My hon. friend, is quite aware that we must deal with the provincial authorities. The duty of looking after the unemployed first rests with municipalities. Then, if the municipalities cannot cope with the task it behooves the provincial government, and lastly the dominion authorities come to the rescue of the provinces. Therefore, we can only transact with the Quebec government. I hope that, within a few days, we shall have succeeded in convincing the Quebec authorities that this advance of 60 per cent on the accounts such as they exist, at present, should be granted to the city of Montreal.

Mr. F. G. SANDERSON (South Perth): Mr. Speaker, I desire to make only one or two observations on this bill. I shall confine my remarks more particularly to the province of Ontario, and shall corroborate the statements made this afternoon by the hon. member for West Middlesex (Mr. Elliott). Before I speak about Ontario, and before making a few observations in regard to the other provinces, I should like to say that this government is running true to form. It has brought down this bill in the dying days of the session, what perhaps may be the last session of this parliament. It is a bill providing for an expenditure of at least $30,000,000 on public works throughout the Dominion of Canada, they say for the relief of unemployment. I am afraid, Mr. Speaker, that the method in their madness in regard to this bill is to endeavour to save themselves from defeat when the election comes on. If hon. members will go back to three years ago and look up Hansard they will see that the right hon. leader of the opposition (Mr. Mackenzie King) and those who sit behind him pleaded with the government then that if they wanted to relieve unemployment in the Dominion of Canada they should submit a program of public works. I remember that at that time the Minister of Public Works (Mr. Stewart) said that his department had nothing to do with the expenditure of money for the relief of unemployment, and the Prime Minister (Mr. Bennett) said that that was not the method of his government, and that he would never resort to that method in order to relieve unemployment in the Dominion of Canada. The members of the opposition at that time pleaded with the Minister of Public Works and with the Prime Minister at least to get away from the dole system, and if possible provide work by which men could earn their wages by doing a day's labour for the support of themselves and their wives and their children, and relieve unemployment in that way. But the Prime Minister said that that was not the policy of his government. Yet to-day we have the government coming down with this bill, which is nothing more or less than a bill for the expenditure of $30,000,000, and perhaps more, for political purposes in the Dominion of Canada. I say that seriously Mr. Speaker, and I say it because there is not a member of the government who has yet got up in defence of this bill.

Mr. MANION: Oh yes, the Minister of Public Works was up.

Mr. SANDERSON: I hope the Minister of Railways (Mr. Manion) will get up a little later on.

Mr. MANION: There is no necessity because we are all in entire support of the bill.

Mr. SANDERSON: Yes, and in a moment or two I shall have something to say in regard to the money which it is proposed to spend in the riding of my hon. friend the Minister of Railways.

Mr. MANION: Go ahead. If you know anything about it you will say something for it.

Mr. SANDERSON: I will say what I have to say, but before coming to that I will say this to the Minister of Railways who interrupted me, that despite the money that will be expended in his riding he will experience the same fate as the Conservative candidate who was defeated in that riding in the last provincial election.

Mr. MANION: My hon. friend and his friends have been saying that for five elections, and in four of them my opponent lost his deposit. He will lose it next time too.

Mr. SANDERSON: I will say to my hon. friend the Minister of Railways that there always comes a time if you stay long enough in politics, and especially if you join one party and desert it for another, as my hon. friend the Minister of Railways did—you cannot play all sides all the time—I will make this prophecy, that the Minister of Railways will go down to defeat in his riding when his government gets the courage to appeal to the people.

Mr. MANION: I will take a chance on that.

Mr. SANDERSON: I am afraid the Minister of Railways has lost his influence with his friends in his constituency. He went up there and made two or three speeches for the Conservative candidate in the provincial election—

Mr. MANION: My hon. friend is just as right as usual. I made one speech. My hon. friend is just one-third right, about as usual.

Mr. SANDERSON: That was enough. If the minister had made two there would have been a thousand more votes against the Conservative candidate.

Coming back to this bill and looking over these expenditures of the taxpayers' money, which is going to be spent apparently in an effort to get back into power this discredited government which has lost the confidence of the people, this ramshackle government which is trying to get back into power by the expenditure of money on public works, and in which the riding of my hon. friend the Minister of Railways is going to share, may I say to the Minister of Public Works that I have gone through this schedule very carefully and I do not see one dollar for Brockville or Leeds, and I have come to the conclusion that the Prime Minister and his government have decided that my hon. friend the Minister of Public Works has not the ghost of a chance to be elected in the next election.

Mr. STEWART (Leeds): I want to tell my hon. friend that he is one hundred per cent wrong in both the statements he has made.

Mr. SANDERSON: I shall be very glad to accept the explanation of my hon. friend the Minister of Public Works, but the electors won't. If you go carefully through this schedule of expenditures for public works in the province of Ontario, it is really marvellous. Take the county of Oxford, for instance. It is one of the banner counties of the province of Ontario, and in the last gerrymander, because it was not a redistribution but a gerrymander in the province of Ontario, the two Oxfords, north and south, were united. In all probability my good friend the Minister of National Defence (Mr. Sutherland) will be the Conservative candidate in Oxford in the next election. There is not a dollar of expenditure in this vote for Oxford.

Mr. SUTHERLAND: I do not need it to win.

Mr. SANDERSON: My good friend the Minister of National Defence predicted that in the by-election in South Oxford, the Conservative candidate, his namesake, another Donald Sutherland, would have one thousand of a majority whereas the Liberal was returned by fifteen hundred of a majority. Let me say to the Minister of National Defence that it is not because he does not need it that there is no expenditure for Oxford county in this bill. I have come to the conclusion that the Prime Minister, because we know that at times he is ruthless, and if he thinks one of his colleagues is going down he throws him to the scrap heap, has arrived at the conclusion that the Minister of National Defence has not a chinaman's chance in Oxford at the next election, and that is the reason there is no expenditure for that county.

Mr. SPOTTON: Well, well!

Mr. SANDERSON: I will come to my good friend from North Huron (Mr. Spotton)—

Mr. SPOTTON: To save time in this process of elimination and get on with the business, I will admit I have no chance.

Mr. SANDERSON: I give credit to my good friend from North Huron. He says he has not a chance, and he is right. There is no expenditure apparently for North Huron. The Prime Minister has come to the conclusion, and I regret it very much, that my good friend in the next election will be left at home. There is a rumour going about, which I hope is true, that the hon. member for North Huron is to be put in the Senate before the next elections are announced. I think he would at least add weight to the Senate, if nothing else.

Mr. SPOTTON: Barkis is willin'.

Mr. SANDERSON: My hon. friend says, "Barkis is willin'." He says that he made only one speech in his own constituency during the provincial elections. It is too bad he did not make more.

Apparently the government have come to the conclusion that the Minister of Railways and Canals has a fighting chance in Fort William because I find an item for that city of $425,000 for a public building, site acquired. If it is necessary to expend $425,000 in Fort William in order to elect the Minister of Railways and Canals, I say that that is too high a price. I doubt very much if the expenditure of $425,000 will elect the minister.

I go down through the list. I am sorry the Minister of Justice (Mr. Guthrie) is not in his seat as I have something to say about him and South Wellington. I well remember a provincial by-election which was held in South Wellington a few years ago when a supporter of the Liberal party was elected. At that time the Minister of Justice made a retort from this side of the house that that would never occur again. Well, it did occur again and there was an increase of about one thousand in the majority. Apparently the Minister of Justice has convinced the Prime Minister that he still has a fighting chance to come back in South Wellington, because there is to be a considerable expenditure in the city of Guelph. I see an item of $250,000 for a new public building, and also one for $15,000 for the installation of an elevator in the public building. That is a total of $265,000 which is too large a price to pay in order to bring the Minister of Justice back to Ottawa. If anyone will go through the list of expenditures on public works in Ontario during the last four, five or six years he will find that a lot of money has been spent in Guelph by this government. If the Minister of Justice, with his influence with the Prime Minister and his colleagues, finds it necessary to bribe the people with $265,000 of their own money in order to be reelected, he had better stay at home. I will make the prophecy that it does not matter whether the government spends $265,000, it does not matter whether it spends half a million, a million or a million and a half, the time has come when the Minister of Justice will be defeated should he decide to test the confidence of the people in his riding.

Mr. McGIBBON: You said that in 1930.

Mr. SANDERSON: I did not. I say to the hon. member for Muskoka-Ontario (Mr. McGibbon) that he had better watch his own step because I think he is doomed in Muskoka. I doubt if he will ever sit in this house again after the next elections, and I think the hon. member for Muskoka-Ontario knows that as well as any one else.

Mr. McGIBBON: I ask the hon. member to come up to Muskoka during the next elections and then I certainly will be elected.

Mr. SANDERSON: It is not necessary for me to go up. The hon. member for Muskoka-Ontario can get up and make one of his Canadian National speeches or one of the other speeches for which he is noted, but even then I think he will lose his deposit. I shall be very sorry if he does not come back, but I am afraid he will not.

Mr. McGIBBON: You are wasting your sympathy.

Mr. JACOBS: Are they going to elect anyone?

Mr. SANDERSON: I will make this prediction—

An hon. MEMBER: Who is going to be elected in Perth?

Mr. SANDERSON: I have not forgotten Perth and I shall come back to it.

Mr. MacNICOL: Dave Wright.

Mr. SANDERSON: I have been waiting for the hon. member for Toronto Northwest (Mr. MacNicol). He was the organizer for the Conservative party during the last provincial election.

Mr. MacNICOL: Mr. Speaker, on a question of privilege, I never was the organizer for Ontario at any stage of the game. The hon. member knows perfectly well that that is not correct.

Mr. SANDERSON: All right. The hon. member was chairman of the speakers' bureau. The hon. member worked day and night for a month, and on the Saturday before the polling took place he gave an interview to the Mail and Empire of Toronto. He said to the reporter: "There is nothing to it. Premier Henry will have 55 seats; I could name them to you, but it would only take up space in your paper, but he will have at least 55 seats." My hon. friend from Toronto had better keep quiet. He undertook to leave his seat in this House of Commons to go down to Toronto to superintend that campaign for Mr. Henry, Colonel Price and all the rest of them. What was the result? I should like to make a prediction about my hon. friend from Toronto.

Mr. SPEAKER: I think the hon. member should confine himself to discussing the subject matter of this bill.

Mr. SANDERSON: I am speaking about public works and the effect they are going to have on the various ridings.

Mr. SPEAKER: The hon. member has stated that the hon. member for Toronto Northwest (Mr. MacNicol) was the organizer in the elections, and that has nothing to do with this matter.

Mr. SANDERSON: If Your Honour will just be patient with me for a moment I will connect that up.

Mr. MANION: We all have to be patient with you.

Mr. SANDERSON: The items for Toronto total millions of dollars. The first is customs building addition, site acquired, $600,000; the next is new postal station "D", $100,000; the next is completion of ship channel walls—perhaps that is in my hon. friend's riding—$220,000; and the next is new dock at marginal way—I do not know what that is; perhaps it is the parting of the ways—$546,000. How much of that expenditure is to be made in the riding of my hon. friend?

Mr. MacNICOL: Not a single dollar.

Mr. SANDERSON: Is that because he has not a chance to be elected?

Mr. MacNICOL: The hon. member is again incorrect; I will be elected.

Mr. SANDERSON: Time will tell, but my good friend from Toronto had better keep quiet about elections. He was in charge of the redistribution bill which was put through last year, and believe me he took care of himself and of his friends. He carved it up beautifully, but it makes no difference; he too is doomed, and if he can get into the Senate I would advise him to go there.

Now, getting back to public works, I want to say that within the last week in the province of Ontario we have seen a government which had lost the confidence of the people to such an extent that they were almost annihilated. And how did they try to get back into power? By bribing the people with their own money on roads and highways and with patronage of all kinds, the worst example of political patronage that this country has ever seen. The government that was defeated last Tuesday had lost the confidence of the people of Ontario to a degree that no other government has ever done, unless it is the government across the way; because my hon. friends opposite—and I am glad to see that the Minister of Justice has come in—have lost the confidence not only of the people of Ontario, and to a greater degree than the Henry government had done, but they have lost the confidence of the people of the eight other provinces of the dominion. And they have not the courage to go to the country; they will hang on to power as long as they can. Yet they bring down this bill proposing an expenditure of over $30,000,000, almost $40,000,000, to bribe the people of this country to put them back into power.

Let me say a word about the contractors who will feed at the crib in connection with this expenditure. My good friend the Minister of Public Works—

Mr. STEWART (Leeds): Good friend?

Mr. SANDERSON: If I am not a good friend I will take it back.

Mr. STEWART (Leeds): Go on.

Mr. SANDERSON: I want to say to him that not later than three weeks ago, four weeks ago at the longest, an hon. member who sits on the opposition benches, from the province of Ontario, was in the minister's office in regard to some expenditure and the minister frankly told him he was going to do all he could to defeat him and therefore the minister could not do anything for him in the expenditure of money.

Mr. STEWART (Leeds): I deny any such statement. I never made any such statement to any member of this house at any time or on any occasion.

Some hon. MEMBERS: Withdraw.

Mr. GEARY: You had better unconditionally withdraw it.

Mr. STEWART (Leeds): I ask my hon. friend to accept my statement and withdraw his. I will insist upon it too.

Mr. MANION: Hear, hear.

Some hon. MEMBERS: Withdraw.

Mr. SANDERSON: By the rules of the house I am compelled to take the word of the Minister of Public Works and withdraw that statement.

Mr. MANION: Hear, hear.

Mr. SANDERSON: Nevertheless I have in my mind what my hon. friend told me—

Mr. McGIBBON: That is cowardly.

Mr. SANDERSON: Don't you call me a coward. I want that withdrawn.

Mr. MACKENZIE (Vancouver): Take it back.

Mr. SANDERSON: Mr. Speaker, I have withdrawn my remark to the Minister of Public Works—

Mr. SPEAKER: The Minister of Public Works has denied a statement attributed to him and the hon. gentleman is obliged to accept the denial.

Mr. SANDERSON: I have withdrawn the statement.

Mr. SPEAKER: The hon. member who called out "coward" must withdraw that remark.

Mr. McGIBBON: Mr. Speaker, I did not say "coward." I said that the action implied in the hon. member's reply, wherein he withdrew his statement under compulsion and intimated that he did not believe the denial, was cowardly.

Some hon. MEMBERS: Withdraw.

Mr. SANDERSON: Mr. Speaker, I quote to Your Honour rule 298:

> The following expressions have been ruled to be unparliamentary in the British House of Commons:
>
> Alleging that a member's statements were:
>
> not consonant with personal honour;
> cowardly;
> dishonest;
> insulting;

And so on.

Mr. SPEAKER: I have already ruled that the remark must be withdrawn.

Mr. McGIBBON: I withdraw it with great pleasure, and following—

Mr. LAPOINTE: Stop there.

Mr. McGIBBON: I think I have a right to complete my sentence.

Mr. CASGRAIN: Don't spoil it.

Mr. McGIBBON: Well, I won't spoil it.

Mr. LAPOINTE: You are a sport, doctor.

Mr. SANDERSON: Now let me refer to my good friend from Toronto South (Mr. Geary). The hon. gentleman went out in the provincial elections. He said he did not think it was worth while going into western Ontario because all the candidates of his good friend Mr. Henry would be elected. Finally he consented under pressure to go into three or four ridings and the result was that in these three or four ridings the people gave huge majorities to the Liberal candidates—much larger majorities, possibly, than if the hon. gentleman had not gone into the ridings.

Mr. GEARY: You are not complaining about that, are you?

Mr. SANDERSON: In regard to the contractors, I went to say a word or two, but let me observe that the Minister of Public Works deserves no sympathy from anyone on this side.

Mr. LAPOINTE: He is a good fellow.

Mr. STEWART (Leeds): He is not asking for any.

Mr. SANDERSON: When he was in opposition, without mercy and in a ruthless fashion he bombarded the Postmaster General for three weeks, and I fancy the reward he got for that was the position he now holds. Now he comes into this house and practically says in this bill, which he is sponsoring, that no contracts under $25,000 shall be tendered for. He knows that is wrong; the Prime Minister knows it is wrong; the Minister of Justice knows it is wrong; the Minister of Railways knows it is wrong; and the Minister of National Revenue knows it is wrong. They are injecting into public works, under the guise of relief for unemployment, a system of patronage and graft such as this country has never seen before. It is all very well for the Minister of Public Works, backed up by the Minister of Railways and the Minister of Justice, to say, "Oh well, this government—"

Mr. COTNAM: Tell us about Beauharnois.

Mr. SANDERSON: "—will be honest; they will be fair and take care of the people's money." Well, three years ago, two years ago, for hours, under the leadership of the leader of the opposition we pleaded with this government to have an audit of the moneys sent out to the provinces for relief. They

laughed at us. The Prime Minister said that was insulting to the provinces, to the premiers and to the government. During the last four years about $32,000,000 was sent from Ottawa to Toronto for unemployment relief. I am not criticizing the amount, but a good deal of that money never reached the place for which it was intended, because there was no audit, no check.

Mr. ARTHURS: What about Quebec?

Mr. SANDERSON: I do not know anything about Quebec; I am speaking about my own province of Ontario. This government should have had an audit, a check on every dollar that went out from their treasury for relief, not only in Ontario but in all the provinces. Oh, they said, peace, order and good government, blank cheque legislation. Under this bill my good friend the Minister of Public Works, if he will let me call him that—

Mr. MACKENZIE (Vancouver): Just temporarily.

Mr. SANDERSON: All right, temporarily —the Minister of Public Works wants to get control of the expenditure so that any amount not in excess of $25,000 he can deal with in his office. Is that democratic government?

Mr. CASGRAIN: The pork barrel.

Mr. SANDERSON: Is that the kind of government the people of this country want? No. The only thing the people are hoping and praying for is that this government will have the courage to go to the country. They only want a chance to mark their ballots against it. I say to my hon. friends across the way: Watch your step, because the handwriting is on the wall and you are doomed.

Mr. MICHAEL LUCHKOVICH (Vegreville): I rise not to predict anyone's rise or fall—

Mr. J. A. BRADETTE (North Timiskaming): Mr. Speaker, I rise to a question of personal privilege. I adjourned the debate this evening at six o'clock and I have not yet had a chance to speak.

Mr. MANION: I rise to a point of order. The hon. gentleman made the statement that he adjourned the debate at six o'clock. If therefore he did not go on at nine o'clock he has lost his position and cannot go on now.

Mr. MACKENZIE (Vancouver): He did not adjourn the debate; he just saw six o'clock.

Mr. MANION: I was simply taking the hon. gentleman's own statement that he adjourned the debate at six o'clock.

[Mr. Sanderson.]

Mr. SPEAKER: The fact is that no one adjourned the debate at six o'clock. The hon. gentleman has the floor.

Mr. BRADETTE: I just want to give the northern Ontario viewpoint on this bill. For the last four years I have always been in favour of a program of public works rather than of direct relief. As far as northern Ontario is concerned, under the northern development branch of the province most of our settlers were given some employment. This is no time to discuss the wages they were receiving, but this bill is a step in the right direction. The only regret I feel at the present time is that it was not inaugurated four years ago and maintained since then. I have no quarrel with other sections of Ontario getting millions of dollars, or with the Minister of Railways and Canals (Mr. Manion) when he gets $425,000 for his constituency; no doubt that expenditure is warranted in his section of the country. As far as Cochrane is concerned I am glad that the sum of $55,000 has found its way into the program for that town, but when you realize that in that riding at the present moment there are at least 100,000 people it means that under this bill there is to be provided for the relief of unemployment there an average of fifty-five cents a head. Anyone will readily see that that is no cure for the present situation in our section of the province. The same applies also to South Timiskaming; there is only $53,000 provided. I believe it will be absolutely impossible for the federal government to stop direct relief on the fifteenth of next month as far as northern Ontario is concerned, because in a population of nearly 175,000 people in the two Timiskamings there is only to be a total expenditure of $108,000. We never were parochial in our section, but I want the house to be fully seized of this fact, that from the gold tax as amended the government will receive from the southern section of Timiskaming, represented by the Minister of Labour (Mr. Gordon), and the northern section, represented by myself, some six or seven million dollars, yet these two ridings are receiving under this bill the small sum of $108,000. Coming again to my first statement, I am very glad that the government are going to build a post office in Cochrane, my home town, which is really the hub of the the north country, being situated much the same as Winnipeg was some fifty years ago. All the development taking place in northern Ontario will prove beneficial to that section of the country, and more particularly to Cochrane, and its environs.

Before I proceed to mention some of the things that I think should be included in this program, I want to compliment the Minister of the Interior (Mr. Murphy) upon the expenditure he is going to make in the town of Cochrane. I complimented him personally upon having found it possible to make some necessary repairs to the Indian hospital there. I now appeal to the Minister of Public Works (Mr. Stewart)—I hope he can hear me—

Mr. SPEAKER: Order.

Mr. BRADETTE: For the last six or seven months the town of Timmins has been trying to get 500 new post office boxes, which so far they found it impossible to get. It is an expenditure which I know will eventually prove a paying one to the government. I trust that the minister will find it possible under this vote of $2,000,000 for public buildings to grant to the town of Timmins these necessary facilities. I said a moment ago that they require 500 boxes, and I hope the department will find it possible to give them at least 700; I am positive that every one will be used at once.

Another appeal that I want to make to the minister is for the new building in Timmins, which was built over four years ago, and which now needs a certain amount of painting and repair. I trust the minister will find it possible to take care of this also out of that $2,000,000 vote.

There is another very important matter that should be implemented in this program but I regret to see that there is no mention of it, I refer to the trans-Canada highway.

Some hon. MEMBERS: Oh, oh.

Mr. BRADETTE: Some hon. members from Quebec may not be interested, but I have always been interested in Quebec, and I would tell the hon. members that Quebec is in fact very much concerned with the trans-Canada highway. They should have direct communication from Montreal to Mont Laurier and west through Hearst to Winnipeg.

Mr. CASGRAIN: We are with you.

Mr. BRADETTE: I hope you are. As far as the federal government is concerned there has been practically no work done on the so-called trans-Canada highway in northern Ontario. What money has been spent was spent on the wildest section of the country on the north shore of lake Superior. During the last provincial election, Hon. James Lyons was telling his constituents that if he were elected and his party returned to power they would receive $8,000,000 for the building of that section. The logical route for the trans-Canada highway is that through the town of Hearst, westward along the Canadian National to Winnipeg. On that route there are less physical obstacles to overcome, and where ten dollars has to be spent for construction on the north shore one dollar would be sufficient in our section. We are very practical and logical in our requirements, and we also realize that it is not a matter of months but of years before that highway can be completed, but I want this government to be fully seized of the present situation. I well remember that five years ago the Hon. Howard Ferguson, speaking in my home town, stated that the governments should be given a certain amount of time to decide on the route of the trans-Canada highway. But five years have passed since then and the governments must have had sufficient time to settle where that route should be. Again I am pleading with this government, and also asking the Quebec members, whether from the Quebec district or Montreal or otherwise, if they want a direct route for the trans-Canada highway from coast to coast, to see that it goes through the northern section of northern Ontario. A few weeks ago in reply to a question I put to the Prime Minister on that very important matter of how the route was decided he told me it was decided by orders in council passed by the different provinces, and that as far as Quebec is concerned they were satisfied with the present existing route within their own limits, over the Montreal highway to Hawkesbury and through the Ottawa valley. I must say that in the province of Quebec someone must have been asleep at the switch. I know that at present the Quebec government have a party of men working west of here near lake Victoria, and this government should see to it that the construction near Norembega, which will involve building about fifty miles of road, is carried on in order to give direct communication between Montreal and Cochrane. This would save motorists hundreds of miles.

There is another important question I should like to mention. I must voice my disappointment in the fact that, in this bill I do not see even a mention of that very important work to which I have directed attention on previous occasions; that is, the construction of high powered radio stations in northern Canada. Through the good offices of the chairman I was able to appear before the radio committee and give the northern Ontario viewpoint. I believe I made that committee realize that so far as we in northern Canada, and particularly in northern Ontario, were

concerned, we were not getting the service from the radio commission that we deserved. I am not blaming the radio commission or any other public body, but the house must be seized of this fact: If all the northern sections of Canada were absolutely in favour of the nationalization of radio it was because they realized that under then existing conditions the cities received the service they desired, while in the northern sections of Canada they were not and are not getting the service to which they were entitled. In my own section of the country at the present time at least ninety per cent of the radio users are not paying their licence fees. I have received dozens and in fact hundreds of letters from radio owners asking for my advice in this connection. Naturally I tell them that I believe they should pay their licence fees, but when one considers the little service they get for the money they spend in fees, equipment and so on, it is hard to blame them for not doing so. They get absolutely no reception in the daytime and in many instances they are unable to get reception at night.

According to my information the government, whether through the Department of Marine or the radio commission I do not know, had in view the expenditure of $5,000,000 in the construction of high powered radio stations across northern Canada. I make a very serious appeal to the Minister of Public Works (Mr. Stewart): I ask him if it is not possible at least partly to implement that undertaking. It would be one of the very best ways to give radio service to the section of the population that most needs it. At one time it took nearly three weeks to go to Moosonee; now the railway runs there, and the trip can be made in a very short time. But I want the government to understand that our pioneer population, who are within seven hundred or eight hundred miles of the capital, receive their daily papers at least thirty-six to forty-eight hours late. So the government should be fully aware of the situation with regard to those people; they should realize what it means to those people to be able to receive the broadcasts of the radio commission. I believe the people in the north are playing the game; they are extending civilization year by year, as their forefathers did in southern Ontario and on the shores of the St. Lawrence, but they are not receiving the treatment to which they are entitled.

I ask the Minister of Public Works if he will not try to implement the promises that were made in my part of the country. I remember that the present chairman of the radio commission told us we would have a high powered station located somewhere between Timmins and Sudbury, but so far we have obtained only local broadcasting stations in Timmins and Kirkland Lake. I understand that another is to be installed either at New Liskeard or Englehart, and there is another at North Bay. I have no quarrel with these local stations; they are giving a service to the people of those localities, but because of their wave lengths and their low power it is absolutely impossible for people more than a few miles away to receive their broadcasts. In any case hon. members will readily realize that local broadcasting is not sufficient for that whole region; we are entitled to better service than that. I believe I am speaking also for the people of northern Quebec; I am sure the hon. member for Pontiac (Mr. Bellec), who is in his place, will voice the same criticism with regard to the radio situation in his part of the country. I intend to keep up the fight until we receive the consideration we deserve. When I was discussing the proposed gold tax some hon. gentlemen opposite tried to make the house believe that some of us on this side were local in our point of view. I believe I proved quite clearly, however, that the gold tax would affect practically every citizen in this country. The same statement would apply to gold mining and the mining industry generally, and it applies also to the radio situation. We are entitled to the same service that is given in the larger centres of population, such as Montreal, Ottawa and Toronto. In the next fifty years our great development will be in the northern section of Canada; that is where our great natural resources lie.

As I say, Mr. Speaker, I intend to carry on my fight. I am no prophet; I do not know what may happen at the next general election, but if I sit on the government benches I am going to carry on the fight as strongly as I am carrying it on at the present time, because I am fully convinced that so far as radio broadcasting is concerned that fine pioneer population is not receiving the service it deserves. I am not speaking politically when I say that. I received a great deal of information from the committee and also from the radio commission. I understand that under their departmental budget it was impossible for them to give us the service we requested, but surely in this public works program it should be possible to do so even if we have to increase the amount to be voted. This afternoon some hon. gentlemen said we were having mild inflation. This is not the time for me to discuss that matter, but if there is to be an increased circulation of our Cana-

dian money it is wholly due to the gold mining industry of this country. I believe if all the facts were known the gold mining industry of Quebec and Ontario would open the eyes not only of this section of the continent but of the whole world. This applies with equal force to northern Ontario, to northern Manitoba, to British Columbia and to Alberta. If it is possible to inflate it is purely on account of that primary industry which in this year, 1934, is going to create new wealth to the amount of $50,000,000, eighty per cent of which comes from northern Ontario. Another large part comes from the northern part of the province of Quebec, and I believe to a certain extent that statement could be applied to the whole northern section of Canada.

Then, may I say that my section of the country has not sufficient radio broadcasting facilities. I know the Minister of Public Works is familiar with the situation, and I have no doubt that some appeal has been made to him, or to some department,—I am not sure just which one it would be. It has come to my knowledge that he has been approached in connection with the expenditure of from $4,000,000 to $6,000,000 for the creation of high powered radio stations in the northern section of the country. I fervently hope—and I am making the same appeal to the Prime Minister and to every member of the government and of the house—that this promise will be supplemented in the very near future—and when I say that I do not mean some time five years from now. I am hoping it will be supplemented under the present public works program. This work would entail a certain expenditure on raw materials; and it would mean that a large number of men would be employed on the construction of such high powered radio stations. Also it would add to the permanent equipment already erected by the government whereby all sections of the Canadian population could have radio facilities. I should be willing to give full credit for such advancement, or any such development.

Something has been mentioned, and very properly so, about contracting. May I say that I know something about contracting. I know that in this country it is the habit in most instances where big contractors find it possible, to sublet some of the work to be done, such as masonry, painting, plastering, flooring, and so on. In some cases it works out all right, but in a great many instances it works out badly for the working man. We were told that protection is afforded by the fair wages clause, and I was very glad to hear that statement from the Minister of Public Works. My fervent wish is, however, that the subcontractor will not be tolerated, under present conditions. The contractors should not make more money than that to which they are entitled. I maintain that under present working conditions they should not make any more than from six per cent to nine per cent profit on construction work, and that the rest of the money should go to the working men. That would be one of the best ways to relieve distress, and so far as the government is concerned, to have good construction work.

This afternoon the hon. member for East Hamilton (Mr. Mitchell) quite properly referred to the deplorable slum conditions in the Canadian cities. I know that there is a great movement on foot, one which was inaugurated by the lieutenant governor of Ontario, to initiate a construction program whereby those slums may be obliterated, and new buildings and sanitary conditions would be given to the working men. Again I have no quarrel with such a suggestion, and no doubt something will have to be done along that line. But may I suggest that there is another fine class of workers to be helped—the people living in the little log cabins up in the northern section of the country. Under present financial and economic conditions they find it impossible to graduate from the settler to the farmer class. I would not be opposed to the spending of those moneys to improve slum conditions, but I would suggest that such a program should include doing away with the slum conditions in rural sections. Such a program could apply to those little places the people in the northern sections call their homes. I have no doubt hon. members will readily realize the necessity, indeed the urgency of the need, for public expenditures in that direction.

When I spoke on the budget I said that the government ought to inaugurate a program whereby annually a sum of $5,000,000 could be spent to allow settlers under the jurisdiction of the different provinces of the Canadian federation to build their homes, and to build also barns and stables which they need so very much at the present time. I am in favour of the back to the land movement, but I believe this scheme could be effected by the government and would help the present rural population. It would allow the farmers' sons, young men who by their training, surroundings and mode of living are familiar with the present situation, to continue in their vocations. In northern Ontario hundreds of people are trying to find new occupations, as a result of the back to the land movement. That may be all right, but our own rural population, the people who did the pioneer work and held the line for the last fifteen or twenty years, think it

strange when they see the federal and provincial governments bonusing people going on the land, to the tune of $200 per year, when at the same time the sons of farmers, the young men, have no work. The young men find it impossible to settle next to their fathers. I believe the government should inuagurate a scheme whereby the farmers could build decent homes. I do not ask for luxurious houses, but only for comfortable ones where sanitary conditions would prevail.

Making these suggestions in all sincerity I believe no man could properly accuse me of bringing any political discussions into my observations. I have always given credit where credit is due, and I believe I indicated that fact when only a few moments ago I referred in favourable terms to the Minister of the Interior. Speaking for the town of Timmins, may I say that I hope the Minister of Public Works will find it possible to give to the post office in that fine mining town the seven hundred postal boxes which at the present time are particularly needed. I know that the minister is fully seized of the facts. In two or three years those boxes would pay for themselves, and would, so far as the government is concerned, be revenue producers.

Speaking for my section of the country I must say that at least to some extent conditions are improving. The lumbering operations have been a little more active during the last winter, although prices are not yet what they should be. It is our hope that during the present season they may be increased. The northern development branch of the Ontario government voted this year only the sum of $3,500,000, while the usual vote had been $5,000,000. While we may have a more limited number of unemployed in our section, we still have a great number of them. I suggest that the present public works program does not justify the government in shutting off the relief on July 15. Again, in all sincerity I make an appeal to the government, because a great many of our rural and industrial population in northern Ontario are in the same predicament they were suffering from two or three years ago. The government must carry on its initial public works program; it should enlarge it if possible, but direct relief is still necessary for a section of our population, at least for a certain period of time.

Again I make the fervent request that before this bill is passed the minister should take action, if he has not already taken it—I know some statements have been made—to give the people in northern Ontario the radio service to which they are entitled. I know that if the people in my section of the country were receiving the service they deserve they would be willing to pay not only a two dollar licence fee but more if necessary. But at the present time the Department of Marine is actually losing revenue, it is not collecting more than ten per cent of the radio licences in the north country, and under the present public works program it should be possible to initiate the expenditure of $4,000,000 to $6,000,000 for radio purposes. I was told that this matter had been discussed in the radio committee and that the committee was in favour of bringing to the attention of the Minister of Public Works and of the government this expenditure of five million dollars. I do not think there is a member of this parliament on either side of the house who would criticize such an expenditure. I implicitly believe that it would alleviate the present situation in our part of the country, and that it would be a permanent remedy, and a step in the right direction. Our part of the country has never been sectional in its viewpoint. It has always had sympathy for other parts of Canada, and I trust that this suggestion will receive the attention which it deserves from the Minister of Public Works and the government.

[Mr. Bradette.]

On motion of Mr. Mercier (St. Henri) the debate was adjourned.

On motion of Mr. Bennett the house adjourned at 10.58 p.m.

Wednesday, June 27, 1934

The house met at three o'clock.

FRANCHISE AND ELECTIONS ACT

REPORT OF SPECIAL COMMITTEE ON BILLS NUMBERS 101 AND 115

Hon. HUGH GUTHRIE (Minister of Justice) presented the second report of the special committee to which was referred bill No. 101, respecting the franchise of electors at elections of members of the House of Commons and bill No. 115, respecting the election of members of the House of Commons.

PRINTING OF PARLIAMENT

Mr. W. CHESTER S. McLURE (Queens) moved:

That the first report of the joint committee of both houses on the printing of parliament, presented to the house Tuesday, June 26th, be now concurred in.

Motion agreed to.

CUSTOMS ACT AMENDMENT

Hon. R. C. MATTHEWS (Minister of National Revenue) moved for leave to introduce Bill No. 124, to amend the Customs Act.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall said bill be read a second time?

Mr. MATTHEWS: Now.

Mr. SPEAKER: By consent, Mr. Matthews moves that said bill be now read a second time.

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

Some hon. MEMBERS: What is the number of the bill?

Mr. SPENCER: Would the minister give us some explanation?

Mr. MATTHEWS: The bill is not printed; therefore I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

CUSTOMS TARIFF

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the department has been advised that in consequence of the amendment proposed to the Customs Act a slight amendment will have to be made to the Customs Tariff. Therefore leave will be asked to introduce that bill, which will constitute additional legislation, technically, to what I mentioned the other day, but it is complementary to the act that has just been before the house.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

H. MICHAUD

Mr. POWER:

1. Was Mr. H. Michaud employed on Canadian government vessels as fireman during every navigation season since 1911?
2. Was the said H. Michaud employed in the same capacity on C.G.S. Druid since 1929?
3. Was the said H. Michaud employed on C.G.S. Druid from April 1, 1934, to April 17, 1934?
4. Was he dismissed on this last named date?
5. If so, for what reason?
6. What character was given him on his certificate of discharge?

Mr. DURANLEAU:

1. No, not so far as the Department of Marine is aware.
2. Yes.
3. Yes.
4 and 5. He was engaged in a temporary capacity only for fitting out this spring.
6. V. G. (very good).

UPKEEP OF BUOYS—ISLAND OF ORLEANS

Mr. CASGRAIN:

1. Who held the contract for the upkeep of buoys in the North channel, Island of Orleans, Quebec, from the month of May, 1931, to the month of May, 1934?
2. What was the contract price?
3. Was the contract awarded after competitive bids had been called?
4. Who were the tenderers?
5. Were complaints lodged against the person who secured the contract at the lowest tender price?
6. Has the contract for the year 1934 to the year 1937 been awarded on a tender basis?

Mr. DURANLEAU:

1 and 2. Alphonse Poulin from July 2, 1928, to July 2, 1931, contract price $220 per annum; Charles Poulin from July 2, 1931, to January 2, 1932, informal agreement at rate of $220 per annum; Charles Poulin from January 2, 1932, to July 2, 1934, contract price $150 per annum.

3. Yes.

4. Charles Poulin $150 per annum; Alphonse Poulin, $220 per annum. Three additional tenders were received after the expiry date but all three higher than that of Charles Poulin.

5. No.

6. Tenders were not called. The price is that established by tender in 1931.

QUESTION PASSED AS ORDER FOR RETURN

POSTMASTERS DISMISSED—QUEBEC

Mr. BOULANGER:

1. How many postmasters were dismissed in the province of Quebec since the elections of July 28, 1930, to date, on the ground that they had taken an active part in politics?
2. Did O. L. Boulanger, M.P., inform the Prime Minister and the Minister of Justice that J. L. A. Tanguay, of Quebec, clerk, grade 4, in the Department of Justice, had taken an active part in politics since his appointment?
3. Did the government have such charges investigated as in the case of the postmasters?
4. If so, what was the result of such investigation?
5. Will the government dismiss the said J. L. A. Tanguay in the same manner as postmasters were dismissed?

Mr. CAHAN: Return tabled herewith.

RAILWAY ACT

AMENDMENTS SUGGESTED BY LABOUR REPRESENTATIVES IN VIEW OF JOINT OPERATING SERVICES

On the orders of the day:

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): Mr. Speaker, on June 15, on the orders of the day, I asked the Prime Minister if it was the intention of the government to introduce legislation at this session amending the Railway Act in accordance with certain representations and suggestions made by the railway employees. I remember that at that time the Prime Minister told me the Minister of Railways and Canals was not in his seat, but he might be able at a later date to give information about the matter.

Right Hon. R. B. BENNETT (Prime Minister): I intimated to the hon. gentleman that the government did not desire to open the Railway Act, if it could be avoided. There was a special committee; I have not asked the minister what the substance of the discussion was, but I fancy that not having been mentioned it is not intended to open the act.

BUSINESS OF THE HOUSE

STATEMENT CONCERNING FURTHER BUSINESS, MORNING SITTINGS, AND PROBABLE TIME OF PROROGATION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I should like to ask the Prime Minister in the event of the house not concluding its proceedings this week, what the intention of the government is with respect to sitting on Monday. In that connection I should like also to ask whether it might not be considered advisable at the present time to have morning sittings for the remainder of the present week, and sittings on Saturday, if necessary.

Right Hon. R. B. BENNETT (Prime Minister): The right hon. gentleman has anticipated what I was about to say. I have been making a survey of the business the house still has to dispose of before prorogation. There will be considerable time taken up, probably, with the two bills considered by the special committee. I cannot speak as to the length of time they will take. Supplementary estimates are still standing with respect to one or two matters of some importance. If the suggestion which I hope may be acted upon is acted upon I anticipate there will be little difficulty about a matter which several hon. gentlemen opposite have brought to the attention of the house in connection with pensions legislation. If the suggestion I have to make is adopted it may require the changing of half a dozen words in one of the statutes, but I apprehend nothing of any material purport. Then, the only other matters are those appearing on the order paper. There is a third reading, there is further consideration of the public works bill and there is a report from the radio committee. From what the chairman said to me yesterday I gather that they are making certain suggestions as to how the service might be improved, but recommend that between now and another session of parliament the matter may be studied by engineers and others connected with the Department of Marine, as well as with the radio broadcasting commission, and that the legislation which expired on the first of May be renewed for another year. That probably would not take very long.

Apart from that I know of nothing which should engage the attention of the house at length, except it be a matter arising out of a motion which I understand the right hon. gentleman opposite (Mr. Mackenzie King) may desire to make indicating their continued lack of confidence in the administration. Outside of that I do not see that any length of time will be taken up in the disposition of business. There is, of course, the interim report from the price spreads committee which will have to be considered. I understand that for the moment their sittings are practically concluded, and possibly to-morrow or Friday an interim report will be made by the chairman. If, therefore, we sat on Friday morning at eleven o'clock until one o'clock in the afternoon, and on Saturday morning from eleven o'clock until one o'clock, and sat until the evening, we might possibly be able to conclude our business. I cannot speak as to that. I was about to say, however, that so far as the government is concerned it will endeavour to expedite that arrangement, and if the house thought it desirable I would submit later a resolution providing for meeting to-morrow morning. But in that regard, owing to the committee still sitting, I thought possibly it would not be the desire of the house to do so. But if the house so desires I certainly will submit such a resolution this afternoon. That would obviate the necessity for sitting on Monday. However, I think in view of the circumstances if we cannot finish on Saturday we must endeavour to sit on Monday for part of the day, in any event, to be certain that our business would be concluded for the next day, when we could have prorogation. But if it

is the wish of the house the government will use every possible endeavour to dispose of the business by Saturday night.

Mr. MACKENZIE KING: So far as the motion I have in mind is concerned, I think it will be easily understood by the country and so cordially approved by everyone—

Mr. BENNETT: I think so.

Mr. MACKENZIE KING: —that I may be able to dispose of it in very short order. I shall try to accommodate myself to the wishes of the government in that respect.

Mr. POWER: May I suggest that we sit from eleven in the evening until at least twelve o'clock on Thursday and Friday.

Mr. BENNETT: I mentioned to my colleagues the desirability of sitting at least until half-past eleven. However, some hon. members have expressed great disapproval of sitting beyond eleven o'clock. I should be glad to make a motion to sit until half-past eleven.

Mr. LAPOINTE: Make it twelve o'clock.

Mr. POWER: Yes, make it twelve o'clock.

Mr. STEVENS: Twelve o'clock.

Mr. WOODSWORTH: If we sit in the morning and remain until eleven o'clock at night I say that is all that any reasonable man can be expected to do.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Mr. Speaker, I think we want to be fair. The hon. member for Winnipeg North Centre (Mr. Woodsworth) has taken the same stand every session, and when he does the same thing to-day it is nothing new. He has always contended that we should not sit after eleven o'clock, if we met at eleven in the morning. I thought however that possibly he might be willing to wait until half-past eleven before calling it eleven o'clock, if we were getting along with our business. I shall therefore submit a resolution later in the day providing that the house shall meet to-morrow morning at eleven o'clock, that we shall meet Friday morning at eleven o'clock, that we shall meet on Saturday morning at eleven o'clock and at three o'clock. Possibly we had better provide for a sitting in the evening, having dissolution—

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: —having prorogation in mind.

Mr. MACKENZIE KING: If dissolution is in the Prime Minister's mind I might dispense with my speech.

Mr. McINTOSH: The truth must come out.

Mr. BENNETT: Oh well, you never can tell. I have seen willing dissolutions met by an unwilling electorate, and I have seen unwilling dissolutions met by a willing electorate. Then, we will provide in the resolution for meeting on Saturday evening at eight o'clock, in the event of our being unable to prorogue until later in the evening. If that meets with the approval of the house I shall submit a resolution a little later in the day.

UNITED STATES TRADE ZONES

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, on Monday, June 25, the hon. member for Vancouver Centre (Mr. Mackenzie) asked a question of the government with respect to recent legislation enacted by the United States congress. I can only say to him that of course the government has been advised by the Canadian legation in Washington of the enactment by the congress of the United States of a measure providing for the establishment of foreign trade zones in ports of entry. I have made a short resumé of the bill, which I brought with me and which I shall read.

The legislation is permissive in character, and authorizes the establishment of such zones by local bodies at their own expense under approved federal regulation. The administration of the act is vested in a board, of which the Secretary of Commerce is chairman. The board is authorized to grant permission for the establishment of foreign trade zones located in or adjacent to any port of entry of the United States. Such permission may be granted to either public corporations, including states or their legal subdivisions or agencies, or to private corporations chartered under state law for this purpose. Foreign and domestic merchandise, except such as is prohibited by law, may without being subject to the customs laws of the United States, except as specially provided, be brought into a zone and there stored, repacked, distributed, or mixed with foreign or domestic merchandise. Such merchandise may be exported or carried into Customs territory of the United States, where the foreign merchandise will be subject to any customs duties. The measure prohibits manufacturing or exhibition in the zone.

In that regard I might point out that there was a conference between the Senate and the House of Representatives, and the first view was that there should be exhibitions within the zone, but the final enactment provided that there should be no exhibitions within the zone.

The grantee is to provide and maintain adequate docks, slips, wharves, warehouses, fueling facilities, transportation connections, enclosures to segregate the zone from customs territory, and such other facilities as may be required. These zones would be operated as public utilities, their charges for services to be fair and reasonable, and subject to the general administrative control of the Secretary of Commerce.

The bill as finally passed is under my hand.

I think it only fair in this regard, since I am making this statement, to indicate to the house that the matter is nothing new so far as Canada is concerned. In 1908 the movement received its impetus in recent years in Canada from L. D. Taylor, now mayor of the city of Vancouver. He advocated that the city of Vancouver be made a free port. In 1920, twelve years later, the Vancouver board of trade appointed a committee to investigate the problem, and that committee unanimously recommended that a free trade area or free port be established in Vancouver. Mr. H. H. Stevens, who was then member for Vancouver, took up the matter with the then Prime Minister, Mr. Arthur Meighen, but no action was taken. Some consideration was given, however, to sending a commission to visit Hamburg and other European ports, but it ended there.

Then the Montreal harbour board, backed by the Montreal board of trade, recommended a free port system for Montreal around 1919 and 1920. In 1930, only four years ago, the Montreal harbour commission in its annual report revived the discussion, and urged the establishment of a free port in the Montreal harbour area. Similar suggestions were made from Halifax, and in this house on the nineteenth of March, 1929, Mr., now the Hon. Murray MacLaren, referred to the desirability of establishing free ports on the Atlantic seaboard.

A list of free ports throughout the world, so far as I have been able to ascertain from the inquiries I have made, includes Barcelona, Bremen, Copenhagen, Danzig, Gdynia, the new port established by Poland; Genoa, Hamburg, Saloniki and Stockholm. Hamburg, of course, is the most outstanding of those I have named.

There is a rather curious circumstance connected with this. Perhaps those who recall the biography of Sir Alexander Galt will remember that in 1860 he provided for the establishment of free ports at the two extremities of the province. One was to be at Gaspe, to care for the fishing business in the lower St. Lawrence, and the area was to include the town of Gaspe and the district around it and also the Labrador coast as far into the ocean as the straits of Belle Isle. The other area was to be established at Sault Ste. Marie, comprising the town of Sault Ste. Marie and the district west of it. Permission was to be given to import free goods, just as was provided in the legislation recently passed by the congress of the United States. It also provided for the calling of vessels at Gaspe and matters of that kind. Owing, however, to the difficulties in connection with smuggling and the complaints that were made that it had facilitated smuggling, in the end the matter was abandoned, and nothing further has been done except as I have suggested. I dare say there are members of the house, in view of the interest that has been indicated, who have read Foreign Trade Principles and Practices, published in 1930 by Huebner and Kramer, and there is a short extract from their work which might be of value. Without taking up time to read it at length, I will place it on Hansard, if that is the wish of the house, in order that hon. members may have the benefit of it:

Extract from Huebner and Kramer—"Foreign Trade Principles and Practices," New York, 1930

The establishment of free zones at American ports would undoubtedly stimulate the reexport trade, and they would probably also benefit foreign trade as a whole to some extent, but their importance should not be overestimated. Domestic exports and imports for consumption have grown and can continue to advance even though free zones are not established, for they are influenced primarily by the many factors, other than customs regulations, that have been discussed throughout this volume and they would at most be affected but secondarily by a free zone policy. The full effect upon reexports of foreign merchandise from the United States, which is the primary purpose of free zones, cannot be forecast with precision. The experience of foreign countries is not conclusive, for the reexports of some foreign free ports are very large, while those of others are small. The reexport trade of any port depends in part upon important factors quite aside from relief from customs formalities and a rigid system of drawbacks. Both reexports and direct vessel to vessel transshipment depend partly upon the geographic location of American ports with respect to foreign sources of supply and foreign markets.

Attainment of full effect of the free zone policy upon ocean shipping, likewise, depends upon unknown contingencies. Vessels discharging or transshipping cargo within a free zone would undoubtedly be relieved very largely from customs formalities, but many of them will probably be loaded with much cargo intended for domestic consumption. If they discharge this cargo at piers not located within the free zone, the usual customs regulations will apply. Will they discharge cargo both within the free zone and elsewhere? Will they discharge all of their cargo within the

free zone? Or will they discharge all of it at the regular piers of the port, the merchandise intended for the free zone then to be transferred to the free zone?

Certain practical difficulties are encountered in the establishment of free zones at American ports. It is not feasible merely to set apart a section of a port that is already occupied by shipping, foreign trading, manufacturing, and other concerns variously engaged in foreign and domestic commerce. In any case, free zones will occasion much new construction. Suitable areas must be located and capital must be provided for the construction of warehouses, terminal facilities, railroad connections, factories, bunker fuel facilities, etc., and it may be necessary in some instances to dredge suitable channels and harbours. The keen rivalry between American ports, moreover, complicates the application of a free zone policy at some ports to the exclusion of others. The selection of a few is met by charges of discrimination, while the establishment of free zones at many ports would multiply construction and maintenance costs and weaken the probability of attaining certain of the benefits expected from a free port policy. In the latter case efforts and cargoes would be needlessly scattered.

Mr. MACKENZIE (Vancouver): I thank the Prime Minister for his very full explanation.

Mr. THOMAS CANTLEY (Pictou): Mr. Speaker, I have listened with very great interest to the remarks of the right hon. leader of the government, and I can conceive of no method which would do so much to stimulate the foreign trade of this country as that to which he refers. The free port of Hamburg, of course, is well known. There you find an enclosed area in one section of the port which is called the free port. It is walled and closed by gates, which when opened permit vessels to go in and pass out, and goods may be stored in the large two storied sheds provided for the purpose, opened, repacked and exported to other countries. If we had a similar arrangement in this country, a free port say on the Pacific coast, one in Montreal, and one in Halifax, I am assured it would largely aid in the extension of our foreign commerce, and I would recommend to the Prime Minister that the matter should receive very careful consideration. I believe there are large possibilities in it which should not be neglected.

Hon. PETER VENIOT (Gloucester): Mr. Speaker, the suggestion has been made that a free port be established on the Pacific coast at Vancouver, one at Montreal, and one at Halifax. Halifax and Saint John are our two winter ports on the Atlantic coast, and I would add to the suggestion that has been made that both these ports should be made free ports and that no discrimination be made as between the two Atlantic ports.

Mr. DUFF: If we had free trade we would not need free ports.

MONTREAL BRIDGE TOLLS

On the orders of the day:

Mr. VINCENT DUPUIS (Laprairie-Napierville): Mr. Speaker, during the session of 1930 the Hon. R. B. Bennett, then leader of the opposition, speaking on the question of the Caughnawaga bridge bill in the House of Commons said in Hansard, 1930, vol. III, page 2794:

> A bridge is nothing more than a part of the king's highway projected over a stream or a gully or whatever it may be, and that highway in principle is free for use to all the king's subjects. The toll idea is very much exploded as far as the general use of highways is concerned, and has been for years.

About a month ago a large number of petitions was tendered to the hon. Minister of Marine (Mr. Duranleau) asking, not for the abolition of a toll on bridges, but for a reduction of tolls on the harbour bridge and the Victoria bridge, as this had been promised by the minister himself previous to his election. I wish to know from him if he has now a report to give to the house on this matter in view of the fact that he told the house he would soon have a report to make on the harbour bridge and the Victoria bridge.

Right Hon. R. B. BENNETT (Prime Minister): I will answer because the question is directed to an observation that I made in this house, and was intended for that purpose or not at all. What I said on that occasion I repeat. I have no doubt about the desirability of highways being free, and bridges are but highways, but it well may be that those who have control of that matter have concluded that another policy may be better adapted to their conditions. When the government of Quebec made it a toll bridge they did it for reasons which undoubtedly seemed good to them, and it is not my province to question the soundness of their judgment in that regard.

With respect to the harbour bridge in Montreal, I think the hon. member as a party man would be rather sorry he mentioned it because he realizes that it costs this country several hundred thousand dollars a year, and the question of tolls was a matter of contract in connection with the construction of the bridge. The city of Montreal and the province of Quebec are both making contributions to that annually to enable the deficit for that

bridge to be met, and any action by this government to free it from tolls would undoubtedly, unless some arrangement were arrived at, release the guarantors from their obligations and release the payment of bonuses. Therefore, we are not free to do as we would like until such time as adjustments have been made both with the city of Montreal and the province of Quebec.

Mr. DUPUIS: May I say to the Prime Minister that both bridges were in the same condition previous to the elections. He came into my riding of Laprairie-Napierville and promised that.

Mr. BENNETT: Oh, no.

Mr. DUPUIS: He promised to reduce the tolls on both bridges.

Mr. BENNETT: They have been reduced; the tolls on the harbour bridge have been reduced by consent.

Mr. DUPUIS: But not enough.

COMMEMORATIVE STAMPS

On the orders of the day.

Hon. PETER VENIOT (Gloucester): Mr. Speaker, I should like to direct a question to the Postmaster General (Mr. Sauvé). I understand he is unavoidably absent so perhaps my question will be placed on Hansard to be answered to-morrow. I should like to know if the Post Office Department has given any consideration to the issuing of a commemorative stamp in connection with the one hundred and fiftieth anniversary of the founding of New Brunswick.

Right Hon. R. B. BENNETT (Prime Minister): A new stamp has been issued but I should like this matter to stand until the Postmaster General (Mr. Sauvé) makes a statement.

WINDSOR RADIO STATION

On the orders of the day:

Hon. W. D. EULER (North Waterloo): Mr. Speaker, I should like to ask the Minister of Marine (Mr. Duranleau) whether a new licence has been issued to the radio station in Windsor following the order in council passed some considerable time ago which provided for a lease between the radio commission and this station.

Hon. ALFRED DURANLEAU (Minister of Marine): I think an arrangement has been made, but I have received no definite report from the radio commission.

[Mr. Bennett.]

Mr. EULER: Would the minister say if it is the intention of the commission to carry out that agreement after the close of the session?

Mr. DURANLEAU: I cannot answer for the commission at the present time.

BANK OF CANADA—BILINGUAL CURRENCY

On the orders of the day:

Mr. VINCENT DUPUIS (Laprairie-Napierville) (Translation): Mr. Speaker, the "Devoir" of Montreal, dated June 26, 1934, publishes a report of the evening celebration of the St. Jean Baptiste society, in the course of which the hon. Minister of Marine (Mr. Duranleau) spoke. The report states that certain persons in the audience at Park Lafontaine wanted to know why the Minister of Marine had not voted on the amendment with reference to bilingual currency. Hecklers prevented him from replying. I offer him an opportunity to reply in the house, does he accept?

Hon. Mr. DURANLEAU (Minister of Marine) (Translation): Mr. Speaker, my views on the question are well known, since I am a member of the government, and that the bill, such as approved by the committee, constitutes a government measure. My hon. friend is perfectly aware why I was unable to be present; I was called elsewhere on business, and I may add that the part of the report to which he refers is not in accordance with the facts.

BANK OF CANADA

Right Hon. R. B. BENNETT (Prime Minister) (for the Minister of Finance) moved the third reading of Bill No. 19, to incorporate the Bank of Canada.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, before the house passes upon the third reading of what is to my mind the most important legislation of the present session, and having due regard for the desire manifested to expedite the business of the house, I wish to state as briefly, as concisely and as succinctly as I can the reasons why I believe this bill should be referred back to the committee of the whole house in order to amend it in certain vital, essential and fundamental ways. Before I enter upon the consideration of the vital objections which I have to this bill as it now stands, I desire to make a few observations from the report of that great economic body, the Macmillan committee on finance

and industry which sat in Great Britain in 1931. The following appears on page 240 of the report of that committee:

—we are convinced that the Bank of England ought to be transformed into a public corporation.

My next quotation is from section 280, as follows:

The monetary system of this country must be a managed system—

And again:

—by individuals placed in a position of unchallengeable independence.

The next is from section 316, as follows:

In this case also the vicious circle is now complete.

And again:

The decline of new enterprise has reacted adversely on profits and prices, and the low level of profits and prices stands in the way of new enterprise. It is for this reason that some of us think that in the domestic field it may be necessary to invoke governmental enterprise to break the vicious circle.

And again from section 148:

In the third place, it is not necessary that the volume of note issues should continue to be regulated, as it is now, by reference to the amount of gold held in reserve.

In sections 71 to 74 inclusive the committee states that since the bankers as a whole under banking practice maintain a cash proportion of the profit of roughly ten per cent of the cash held in reserve, the bulk of the bank deposits arise out of the actions of the banks themselves, for by granting loans, allowing overdrafts and purchasing securities, a bank creates a credit in its books which is treated as the equivalent of a deposit of money. My next quotation is from section 47 of the addendum, which is to be found on page 203. It reads:

The theory that governmental expenditure in the promotion of public enterprise and social service is restricted by the accumulated savings available for investment is erroneous. When governments distribute wages by financing public enterprise with national currency and credit, the volume of capital for investment is increased.

My next reference is to section 24, which states that if governments pursue an inflationary policy, i.e., meet expenditures not out of revenue or loans, but by the issue of paper money, or the creation of credit in a national banking system, forces are set in motion increasing profits and wages and additional spending arises.

I shall now proceed very briefly to a consideration of the fundamental principles which may underlie central banking. One could easily quote the principles as given by Kisch and Elkin, by Ireton, by Sprague or any of the other great authorities on central banking. I should like to refer very briefly to what was said by the Prime Minister when speaking in this house on February 22, as reported on page 838 of Hansard. He said:

The central bank cannot accept deposits for interest. It will be the repository of the reserves of the chartered banks. In the very nature of things it will discharge the functions of the financial or fiscal agent of the Dominion of Canada; it will be the note issuing authority of the dominion; it will create and issue legal tender; it will determine the extent to which rediscount shall take place; it will determine the rediscount rate from time to time. If at moments there is the thought that the creation of this institution is intended to destroy the chartered banks of Canada, that is an erroneous view, for the chartered banks will still be the depository of the savings of the people and the central bank is not intended to transact that class of business.

Along with that statement I should like to place upon Hansard some extracts from the report of our own Macmillan commission. These have been referred to already and are to be found on page 4186 of Hansard. The first is:

In the first place, from a national point of view, the central bank, within the limits imposed by law and by its capacities, should endeavour to regulate credit and currency in the best interests of the economic life of the nation and should so far as possible control and defend the external value of the national monetary unit. In the second place, from the international point of view, the central bank by wise and timely cooperation with similar institutions in other countries, should seek, so far as may lie within the scope of monetary action, to mitigate by its influence fluctuations in the general level of economic activity. . . .

The next is from paragraph 207 of the report, and reads:

A central bank is at the same time an instrument and a force. As an instrument it is the means by which the state—which must necessarily retain ultimate sovereignty in matters affecting the currency—can give effect to the national policy. . . .

The principles which underlie or are supposed to underlie the legislation contained in Bill No. 19 are set out in the preamble of the bill, and these were referred to the other day by my hon. friend from Quebec East (Mr. Lapointe) when he was speaking on one of the amendments moved from this side. May I very briefly recapitulate the essential principles of the preamble of this legislation. I do not believe that there is a single member of this house who will quarrel with the preamble; there may not be in it such extensive provisions as some of us might desire, but as

far as they go I think they will meet with the commendation of every member of the house. The principles are these, first:

To regulate credit and currency in the best interests of the economic life of the nation.

My first submission is that this legislation, which transfers to a private profit-making corporation, the complete control, with very slight governmental control, over the credit and currency of the nation, is not such as is likely to regulate that credit and currency in the best interests of the economic life of the nation. The second principle is:

To control and protect the external value of the national monetary unit.

It might be assumed by hon. members that this institution would be helpful in assisting us to extend the value of the national monetary unit, but my personal conviction is that when we transfer to this private organization, this private corporation which possibly may consist only of 2,000 Canadian citizens, assets which I shall describe, we are not doing anything that will enhance the value of our national monetary unit in other countries. The third principle set out in the preamble is:

To mitigate by its influence fluctuations in the general level of production, trade, prices and employment.

Again, I doubt whether the organization of a private, profit-making central bank can achieve these results. The general question of dealing with production, the general question of dealing with trade, the general question of dealing with prices, the general question of dealing with employment is deliberately avoided by this legislation, as it was deliberately avoided by the Canadian Macmillan commission, and I submit this afternoon that, despite the brilliant report which was produced in England in 1931 under the chairmanship of that distinguished Scottish jurist Lord Macmillan, the Canadian Macmillan commission's report was a most disappointing one to the majority of Canadians. There was in that report no comprehensive effort to review our industrial fabric, our financial fabric, our economic fabric, and the only true conclusions of the report were in the first place to advocate a central bank in Canada, which we had already determined to do before the commission was ever appointed, and in the second place the suggestion with regard to legislation affecting rural credits. To be fair, there is in the preamble a reservation:

—so far as may be possible within the scope of monetary action.

[Mr. I. Mackenzie.]

Then the last principle of the preamble is this, and it is very important, because I must steadfastly submit that it is not being carried out by this legislation:

Generally to promote the economic and financial welfare of the dominion.

I believe that this legislation will do something in that regard; I said so the other day. I believe that if we accept the principle of private ownership this legislation may be an improvement on the financial organization we have had in the last twenty years under the Finance Act. But I do believe that a system of directing, controlling and operating the credit of Canada for the public need and not for private profit would be much more advantageous than the bill which is before us this afternoon for third reading.

Now, without delaying the house I wish very briefly to review the history of this legislation since it has been before us for consideration.

On February 22nd the Minister of Finance (Mr. Rhodes) moved the following resolution:

Resolved, that it is expedient to introduce a measure to incorporate a central bank in Canada, and to provide for the appointment and salaries of the officers and staff of the bank and the appointment and fees of the directors. . . .

I wish very briefly, in justice to the other side of the question, to review the arguments which were used by the Minister of Finance when he submitted to the house the resolution preceding the bill and, in the second place, when he submitted the bill itself. As reported at page 825 of Hansard, he said:

Admitting this fact however, is not to be taken as implying that our banking structure has deteriorated in recent years, making it necessary to supplement it.

And again:

Coming to the main features of the bill itself, I shall indicate them as briefly as possible. As at present proposed the Bank of Canada is to be a privately owned institution. . . .

At page 827 he is reported as follows:

Clearly, however, the bank should not be subject to dictation by the government, for at times the exigencies of public finance might not be wholly in harmony with banking policies that might be considered wise and essential in the general public interest.

He quotes from the Macmillan report at page 98—and I am trying now to repeat to the house the argument used by the Minister of Finance and subsequently repeated by the Prime Minister himself in favour of private ownership as against public ownership or

control. As reported at page 829 of Hansard, the Minister of Finance quoted from the Macmillan report as follows:

A central bank is responsible for the control of the volume of credit and the maintenance of the stability of the value of the currency. This responsibility connotes that the bank should be granted the sole right of issuing currency (other than coin) for it would be intolerable that a central bank's policy should be hampered by the action of other issuing authorities in a country. The experience of other countries has shown conclusively that the right of issue is not indispensable in assuring adequate profits to commercial banks.

In that same debate—and at the moment I wish to emphasize this point—my right hon. leader (Mr. Mackenzie King), in his contribution to the discussion, laid down what has been the policy of hon. gentlemen on this side of the house and which he enunciated on February 27, 1933. I wish to place on Hansard the reference made on that occasion to central banking, so as to indicate to the house that the amendment which I propose to move on this occasion is paralleled by the statement made by the leader of the Liberal party at that time in the House of Commons. He said:

The Liberal party believes that credit is a public matter, not of interest to bankers only, but of direct concern to the average citizen. It stands for the immediate establishment—

And this was before the commission ever came here.

—of a properly constituted national central bank, to perform the functions of rediscount, and the control of currency issue, considered in terms of public need. A central bank is necessary to determine the supply of currency in relation to the domestic, social and industrial requirements of the Canadian people; and also to deal with the problems of international commerce and exchange.

My submission to the house this afternoon is that the legislation which we are now about to pass and send to another place for consideration does not carry out the fundamental principles of a central bank as outlined by my leader on February 27, 1933. I wish to follow very briefly the remarks made by the Minister of Finance when the measure was up for second reading on March 8 of the present year. He referred to the resolutions at Genoa in 1932 and at Brussels in 1920, in support of his own plea for private ownership. Let me quote the resolution which he read to the house, passed at the International Financial Conference held at Brussels in 1920:

Banks, and especially banks of issue, should be freed from political pressure and should be conducted solely on the lines of prudent finance.

On January 22 the International Economic conference reported as follows:

Banks, and especially banks of issue, should be free from political pressure and should be conducted solely on lines of prudent finance. In countries where there is no central bank of issue one should be established.

And again:

The conference considers it essential in order to provide an international gold standard with the necessary mechanism for satisfactory working, that independent central banks, with the requisite powers and freedom to carry out an appropriate currency and credit policy, should be created in such developed countries as have not at present an adequate central banking institution.

Then the minister quoted from Kisch and Elkin and several other authorities in support of his contention. Let me give one or two quotations from his observations. As reported on page 1297 of Hansard of this year the Minister of Finance said:

Furthermore, a bank controlled by the government would inevitably be subject to sectional pressure and influence, a pull and haul from different parts of the country for certain special consideration and treatment.

Again he said:

Now, there is one other objection. I know that many hon. gentlemen will not agree with me, but I wish to say with all the seriousness at my command that it is my firm conviction that we cannot successfully operate a government central bank in Canada which is subject to patronage.

Later on in the same debate, during the evening he is reported on page 1299 in these words:

In its most extreme form this weakness or danger of public ownership is, in my judgment, illustrated by the case of a government which, unable or unwilling to finance itself by other methods, leans too heavily upon the central bank, forcing the latter to make excessive advances and usually bringing about financial disaster both for the bank and for the community.

Then he outlines the three fundamental objections to private ownership, the first being this:

If it is to have the sole right to issue and control legal tender paper currency it is felt that it would be inappropriate to give such right to an institution not owned by the state.

The second is this, as reported on page 1300:

The second objection is based on the undesirability of allowing excessive profits to accrue to private shareholders.

And the third is as follows:

The final and perhaps the greatest objection which can be lodged against private management is that the bank might be dominated by bankers and their interests or by other financial interests.

The last quotation which has already been referred to in these debates and which I wish to place on Hansard is one from Sir Thomas White which will be found in the report of the Macmillan commission. This is what he said:

> It was suggested during the course of our hearings that political influence might possibly affect unfavourably the administration of the Finance Act because the Treasury Board which authorizes advances and fixes rates of interest payable thereon is composed of members of the government. With regard to this I have only to say that if by "political influence" is meant partisan or improper influence not a shred of evidence has been adduced before the commission in support of such a suggestion.

This bill after its second reading was referred to the select standing committee on banking and commerce, and in that committee several amendments were moved by my hon. friends to my left and several by those of us who belong to the Liberal party. May I very briefly recapitulate the amendments which we moved there and which we subsequently moved in committee of the whole house? I had the honour personally of moving:

> That before the committee considers a single clause or detail of Bill No. 19, the committee record itself as being of opinion that this bank should be owned and controlled by and for the people of the Dominion of Canada.

That motion the committee on banking and commerce in its wisdom rejected. Subsequently I moved a resolution which gave to the Minister of Finance authority to call in shares at a valuation not exceeding par; in other words, our second amendment was a contingent public ownership in the discretion of the administration of the day. Then the hon. member for Shelburne-Yarmouth (Mr. Ralston) moved a very comprehensive amendment giving to the government, to the Canadian people, absolute and definite control, not necessarily with ownership, over the new Bank of Canada, but the committee on banking and commerce, once again, rejected that amendment.

Then the hon. member for Shelburne-Yarmouth moved that the deputy minister of finance who, at his instigation and suggestion, was made one of the directors, without voting power, it is true, be given the privilege of suspensory veto over the proceedings, deliberations and conduct of the privately appointed directorate.

Then the hon. member for Beauharnois (Mr. Raymond) moved a resolution, which I had great pleasure in supporting, appointing a Canadian national as governor of this new Bank of Canada. At that time the Prime Minister asked the bankers who were present with, as somebody said, their backs to the wall, whether they thought Canadian bankers were competent to regulate and manage the Bank of Canada. I think only one answered. Since the Prime Minister spoke in the house the other day when we were considering this very question of public control, and of a Canadian governor, Sir John Aird, who has been fairly close to some members of the administration, has come out with a public statement repudiating the assertion of the Prime Minister that no Canadian is fit for the exalted position of governor of the Bank of Canada. I wish in a word, without elaboration, to endorse the argument so well advanced the other day by the hon. member for Beauharnois and to repeat what I said then that we need to have a Canadian as governor of this Bank of Canada. We need a Canadian who knows the complexities of our life, the peculiar problems of the province of British Columbia and of the spacious prairies that are facing tremendous agricultural questions at the present time, who knows old Ontario, the grand old province of Quebec and the peculiar problems of the provinces down by the sea. I suggest with emphasis and earnestness to the Prime Minister that no man coming from any other land, no matter how well qualified he may be in the technicalities of central banking, can provide the proper and adequate service in our own central bank that one of our own Canadian citizens could do. I repeat: So far as we on this side are concerned we shall offer no objection to the introduction of all the technical advisers considered necessary from the Bank of England or the Bank of France or any other central bank to advise the Canadian government for one year, or, if necessary, for two years in the intricacies and technicalities of central banking.

Then there was an amendment, in which I heartily concur, moved by the hon. member for Quebec East (Mr. Lapointe) both in the committee on banking and commerce and on the floor of this house. I can do no more than support the glowing and inspiring address given in this chamber the other evening by the hon. member for Labelle (Mr. Bourassa) when he said that we should maintain not only our sovereignty in regard to credit in this our native land, but the sovereignty of the French and English speaking peoples in every nook and corner of this dominion. As a comparatively newcomer to Canada, only twenty years ago now, I have the greatest veneration for its early and romantic history and when we consider the first one hundred and fifty years of our splendid pioneers; when we consider the celebration we are to

have in a few weeks time, it is only fit that there should be in every mind in Canada the splendid efforts and worthy endeavours of those pioneers in settlement and in government who have given us the house in which to-day in this country we dwell.

Then we come to the question of control. When I moved in this house the other day for public ownership, the Prime Minister made the following objection. He said that in the first place this is against the experience of the world. Well, I am not so very certain that the experience of the world is a safe guiding factor at this time. If he is going to go by the experience of the world in regard to control of banking institutions, is he going to go by the experience of the world in regard to those crazy dictatorships which are being set up in every country in Europe? I suggest that we should preserve for the Canadian people full control over credit, over currency and over note issue; that is the proper course to follow, instead of taking the experience of some crazy nations of Europe which have gone wrong in matters of finance as well as in matters of government.

Then the right hon. gentleman repeated the point with regard to political control. I think Sir Thomas White has answered that, and I think I have answered it sufficiently. He went on to say that under this legislation the profits accrue to the people. Mr. Speaker, under the bill as drawn up at present we have a capitalization of $5,000,000 and an interest rate of four and a half per cent, which means an ostensible profit of $225,000. But may I point out, as I did once before, that when you support this legislation you support the transfer, in the first place, of $70,000,000 worth of Finance Act gold which at the present moment belongs to the people of the Dominion of Canada, to a privately owned, profit making corporation. In the second place you are going to transfer later on $40,000,000 worth of bank gold, less the amount the banks require for external obligations; that is to be transferred to a privately owned, profit making corporation. Then, on the day this bank opens its doors for business, you are going to create $63,000,000 worth of new, three per cent securities; you are going to hand these over to this new, privately owned, profit making institution, and the taxpayers of the Dominion of Canada every year will have to pay $1,800,000 in interest. Bigger than all these things, however, is the sovereign control over note issue, which belongs to parliament and to the people, and you are handing that over to a privately owned, profit making corporation under the legislation which we are asked to support at the present time.

Our resolution with regard to public ownership has been rejected. Our resolution with regard to public control has been rejected, and this afternoon I submit in the strongest possible way that this government, repudiated and rejected, inferentially if not actually, by the people, has not a moral right or a moral mandate in the eleventh hour of its life to pass this legislation, which will bring about a complete transformation of the financial organization of the Dominion of Canada. I say the government have no right to do that on the basis of private ownership without first of all having the principle of private ownership endorsed by the free will of the Canadian people. So, Mr. Speaker, this afternoon I am endeavouring to give expression, in the first place to those who believe in the principle of public ownership, and in the second place to those who believe without debating the merits or demerits of public ownership, that a rigid, definite and well defined public control is necessary in regard to this institution. Therefore I submit the following amendment:

> That the bill be not now read a third time but that it be referred back to the committee of the whole with instructions that they have power so to amend it as to provide that the Bank of Canada shall be either,—
> (a) Government owned and controlled;
> (b) Government owned; or
> (c) Government controlled.

That is seconded by the hon. member for Quebec South (Mr. Power). Under this amendment, when the bill is referred back to the committee of the whole, we will have the right to reconsider sections 9 and 17, which deal in the first place with the principle of public ownership and in the second place with the principle of public control of this bank. When I review this legislation as it now stands I am reminded of a quotation from the 32nd chapter of Isaiah, as follows:

> The instruments also of the churl are evil; he deviseth wicked devices to destroy the poor with lying words, even when the needy speaketh right.
> But the liberal deviseth liberal things, and by liberal things shall he stand.

Believing as I do, Mr. Speaker, in public ownership and control of this great national financial institution I am pleading with this house this afternoon to devise liberal things, and so far as we on this side of the house are concerned, by liberal things we shall stand.

Right Hon. R. B. BENNETT (Prime Minister): Just why once more, in dealing with a matter of profound importance to the Canadian people, it is thought desirable to interject a note of pure politics into the discussion on the third reading, Mr. Speaker, I cannot

say. The hon. gentleman himself must be best able to answer that. Everything that he said this afternoon he has said at least three times before this session. In most cases this is the fourth time he has brought forward his arguments, and in one instance it is the fifth time to my knowledge that he has made the statement.

Mr. McINTOSH: Repetition makes for success.

Mr. BENNETT: It is suggested that repetition makes for success, but that is a theory that has been exploded long since.

Mr. McINTOSH: No. It is a psychological truth.

Mr. BENNETT: It was found to be so by those who met their fate at the end of a rope.

I do not propose, therefore, to traverse what has been said this afternoon, but I do desire to point to the second observation made by the hon. gentleman. He quoted from the Macmillan report in England, and the last quotation he commended to us was that the institution should be of unquestioned independence.

Mr. MACKENZIE (Vancouver): Unchallenged independence.

Mr. BENNETT: Who, listening to the speech this afternoon, would think that any Bank of Canada could be independent that was under the control of a government of which the hon. gentleman was a member? All you had to do was listen to the extreme statements that were expressed and then ask yourselves whether the Canadian people dare trust their central bank to such control. That is the answer, together with what has taken place in this house since this bill came back from the committee.

I have said that I commenced my study of this problem from the standpoint of believing that it would be desirable to have the bank publicly owned. When I studied the matter; when I observed what had been written with respect to other countries, notably in Kisch's book; when I realized and recognized what has transpired in this country with respect to political considerations; when I reviewed, as I did carefully, the appointments that have been made to the various commissions of this country; when I saw patronage in all activities with respect to our publicly owned institutions; when I saw the effect of such appointments, and when I saw the governmental intervention with respect to some matters of business that were dealt with by commissions in this country, I determined that if we were to preserve the unchallenged independence of this bank we must do something more than merely leave it to public ownership. Then, having decided that this was the correct thing to do, the next problem was to ensure governmental control. If one looks at the amendment that has been proposed one finds these words:

—with instructions that they have power so to amend it as to provide that the Bank of Canada shall be either (a) government owned and controlled; (b) government owned, or (c) government controlled.

I have pointed out to this house, as I did to the committee—and I will not take time to do so further—that in the very inception of this bank it comes into being with provisional directors. Then it must appoint a governor, a deputy governor and an assistant deputy governor. Those are to be selected by the governor in council, in order that governmental control may be ensured with respect to the management and adminstration of the bank. In order to promote political views certain objections were taken to this provision. They were purely political objections, narrowing and limiting the power to appoint beyond that which is usual in such cases. They would not be thought of otherwise; they were merely an endeavour to create prejudice and passion with respect to these appointments. Every man who has read the debates, every man who has read what transpired in this house knows that to be so.

Then you proceed to the next point. Having created your organization, and having your directors provisionally appointed, they are called upon to select from among their numbers directors who will be permanent, retiring in rotation—so many at the end of two years, so many at the end of five and again at the end of seven years, in order that the continuity of policy may be maintained, and that the bank may function free from interference and free from objection by those who endeavour to discharge through it their ideas of political patronage. That being done, the next question is: How shall the bank function? The bank begins to function by taking over the issue of money, by taking over the obligations under the Finance Act, for each note issue, and receives a bond on which interest is paid. Hon. gentlemen opposite know well that these bonds are merely bookkeeping entries by which three per cent is paid to the bank, and by the bank back to the government. That is so well understood that one wonders just what extreme views are in the minds of hon. members who in their statements overlook making any

observations of that character when speaking to this house. Further, when the bank has been established, and when the security has been put up to care for the note issue, and when it has taken over the gold from the Department of Finance, and when it has taken over the gold from the banks, why was it not indicated by hon. members that the purpose is not to enable the bank to do what it pleases? The bank has at once assumed, under this statute, the responsibility for the maintenance of a 25 per cent gold coverage for all note issues made by the bank, and not only for that which is covered but as well for that which is uncovered. That reserve must be kept in gold and silver; at least 25 per cent must be kept in gold. The effect of this legislation is to transfer to the central bank the custody of the gold which formerly was in the Department of Finance under the control of the minister and in the banks under their private control. Why is this done? In order that they may be able, when the gold standard is once more effective in this country to make transfers by bullion exchange, when there will no longer be free coinage of gold in this or any other country in the world. There will be that exchange of bullion gold for external purposes, and to the extent of not less than 14,000 units, to enable the controlling of foreign trade to be carried on. Is it better that that should be subject to political patronage, or under a control that is free from it?

When it was said by Sir Thomas White that there was no political patronage in connection with the Finance Act, I ask how could there be? How could there be? Every man who knows anything with respect to it knows that in the beginning of the year a resolution was passed which enabled the banks of this country to receive from the Department of Finance legal tender or dominion notes up to a certain margin of credit based upon the deposit of securities. In most instances the securities were the bonds of the Dominion of Canada, and in some instances those of the provinces. They were in known percentages of the advances made. That is why. How could there be any political interference there? One need only look at the bank returns issued from month to month, and particularly at the end of the months, to see the extent to which legal tenders were held under the Finance Act, and to realize that these were secured for window dressing purposes, and nothing else.

Then, having the construction of the bank, carrying on its business as I have indicated, to issue notes and to maintain external trade and external balances to meet our obligations, the question is: To what extent is the action of the directors controlled by the governor of the bank? After all the governor of the bank is the principal official of the institution. He is the one who, under the statute, is primarily responsible for its administration. The act provides, as has been pointed out, that no resolution or no bylaw passed by the directors or by the executive shall have force or effect until it has been approved or concurred in by the governor or, in his absence, by the deputy governor. So we have removed the bank from purely directorial control, and we have placed it in the hands of the person who, by common consent with respect to central banks must always occupy the primary position and must be responsible for concurring in or agreeing with the action taken by the directors or the executive committee.

And more than that, the other day it was said that the government should be represented on the board. When the bill was introduced the minister indicated that amendments either in committee or during the progress of the bill through the house would be carefully considered, from whatever source they may be suggested, and that if they met with the approval of the government they would be incorporated in the bill. In other words, there was no pride of authorship to stand in the way of accepting suggestions which might be made which, in the opinion of the government, would improve the measure. At one time the government was of the opinion that it might meet the situation by having the Minister of Finance a member of the board of directors, without a vote. But on analysis it was realized that that would introduce a factor which might not be in the best interests of the country as a whole, whereupon the government accepted the amendment by the hon. member for Shelburne-Yarmouth (Mr. Ralston), whereby the deputy minister becomes a member of the board, without a vote. So that there will be continuous communication between the government on the one hand and the bank on the other. Public business will be conducted as it should be by the bank, as the fiscal agent of the dominion, in a manner that is satisfactory to the Department of Finance and to the government. On the other hand the government will be fully advised of the steps taken from time to time to deal with problems affecting the various industries of this country through credit control. In every particular there shall be that measure of cooperation between the bank and the government which will ensure its success. Again the governor is given further power.

As we said the other day, he has the power of veto with respect to any transaction affecting the welfare of the institution.

I shall not further occupy the time of the house. I am not going in any sense to take up the time in these closing days of a session of parliament to discuss this matter further. The government has given the measure its best consideration and attention, and has looked into every phase of the central bank problem. We believe we are placing on the statute books a central bank bill which is as good as if not better than any such legislation in any other country of the world. It is not only my judgment that that is so, but that is the judgment of others as well. We have ensured that there shall be no political patronage, and that the bank is not liable to become a medium for political patronage. I am not now charging either one party or another party, but I am simply dealing with the frailties of human nature, the pressure which cannot be resisted, which never has been resisted, and which never will be resisted, namely to yield, for purposes all too apparent, to the glamour of their supporters or those who see in this particular course, something which would be of advantage to them.

Just think for a moment of what transpired in this country from 1922 until 1930. It happened that in those years hon. gentlemen opposite were in power—but that is not the point I am making. What I am about to describe was not as a result of their being in power. Look at the combinations of capital in this country; look at the mergers, every one of which has brought disaster to the country and loss to the investor. Why? Because you had a condition prevailing in which there was no credit control, none whatever. Everyone knows that. There was no credit control at all. Look at the borrowings under the Finance Act for the purpose of clearing up transactions at the end of the month. Look at what transpired in this country and the ruin that was brought on people who bought stocks in these amalgamated enterprises between 1922 and 1930. I am not blaming the government of the day for it. But I can say they saw it being done and did not stop it. And what effective control did the banks exercise?

But here we have the machinery at least whereby a sound governor, with proven experience in matters of finance, is appointed for the purpose of supervising the administration of the bank. What is more, the hon. gentleman said that he did not know about the experience of the world being of value.

[Mr. Bennett.]

He talked about the crazy countries of Europe. Well, the Bank of France is not crazy. Those who know the gentleman, Mr. de Retzke, who has had control of the economic policies of that bank during the last few years, know that he is not crazy, and there are those who would not suggest that those responsible for the policies of the Bank of England were crazy, and they are part of Europe. Both those banks are privately owned but government controlled banks, and there has never been an occasion when the Bank of France or the Bank of England and the government have failed by cooperation to work out a common plan. It is true it cost $100,000,000 of the taxpayers' money in France to assist the Bank of France in connection with the transactions that took place after England went off the gold standard, but that is neither here nor there in connection with the general principle.

I can only submit as the last word, because the matter has been covered by the Minister of Finance and by others, and by discussions in the committee and discussions in the house, that we have here a measure which we submit to this country with pride. It is a measure which we believe will meet the very purpose described in the preamble. This institution will at least be free from that political control that has marred the efficiency of many publicly created bodies in Canada and elsewhere, and the difficulties that have been experienced in connection with publicly owned enterprises, and I could name them without number, here at least will be subjected to control.

One great thing we can say, that this institution with a body of shareholders, with a privately created directorate, will be controlled through government to an extent that no other privately owned central bank is controlled either in France or Great Britain or elsewhere. We confidently believe that freed from political control, freed from the evils of patronage and with the merit determined by experience of those who are engaged to manage the bank, it will function as an institution that will discharge the obligations for which it was created and thereby bring improved conditions to the Canadian people.

If I believed that there was any method by which you could create this bank and free it from the claims of the five factors that I mentioned the other day—politics, what is its politics?—race, what is its racial origin? —religion, what is its religion?—occupation? and where does it live?—are these to be the factors that govern and determine the fortunes of the central bank?

The hon. gentleman referred to the incidental effect of recent elections. I ask him if he has read the appeals that were made. Has he read them, and did he understand them? Is that the basis upon which a central bank is to function? Is it to function upon the question of religion. Is it to function upon the question of race? Is it to function upon the question of occupation? Is it to function upon the question of the residence of those who may be directing it? Is it to function on the question of politics? With that issue I am content for the public of this country to deal. But having studied the matter as long as I have, I could not in the present disturbed condition of public affairs, and with the appeals that have been made, venture to launch this institution on the stormy career that lies before it if it is to function successfully and bring credit to the Canadian people, and allow it to be subjected to the play of the forces to which I have just alluded.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, the Prime Minister (Mr. Bennett) in his reply to the very able, lucid and convincing address of the hon. member for Vancouver Centre (Mr. Mackenzie), who has presented the amendment, began his remarks by saying that the hon. member had said over and over again, he said I think for the third, fourth or fifth time, some of the things which had been said in the initial stages of the debate on this question. That is perfectly true, but it is also equally true that notwithstanding these all-important things have been said so often, the government have paid no heed to them, and the strength of the argument remains what it has always been. I purpose at the moment therefore to say once again some of the things that have been said over and over again from this side of the house with respect to this bill in the hope that before it passes, even now at the eleventh hour, the government will consider the very reasonable amendment which has been proposed, namely, to refer this bill back to committee of the whole, giving the committee power so to amend its provisions as to constitute this bank one either publicly owned and controlled, or at least publicly owned or publicly controlled, which ever may appear most advisable to members of the committee.

May I say at once, Mr. Speaker, that I know there has been a good deal of searching of heart on the part of some hon. members on this side, as well as is the case with the Prime Minister and his followers with respect to what really is most in the public interest with regard to the constitution of this great financial institution, as to whether public ownership of a great central bank was the most desirable thing, as to whether public control was the most desirable thing, or as to whether both public ownership and control was most desirable. With respect to a new institution like a great central bank it is obvious that considerations which are all important should have to be weighed very carefully pro and con.

Speaking for myself, may I repeat that I can see wherein the question of public ownership of a state bank may well be a debatable question. I regard it as debatable for the reason that there is much to be said on both sides. Unfortunately it is not a choice between perfection on the one side, and what is unmixed evil on the other. It is a choice between which is the better of alternatives, each of which has some certain very obvious definite limitations.

The objection that I see, so far as it can be named an objection, to public ownership of a central bank is that it may raise in the minds of the people of the country many expectations which may not be capable of ever being realized. Many will believe that because the state owns the central bank it will be able to meet each and every disorder that may arise in the country from any financial cause. We here all know that a state owned institution, any more than a privately owned institution, will not be able to do anything of the kind. At the same time there would be occasioned the thought in the minds of many people that having set up a publicly owned institution we had discovered a public remedy for all social and financial ills. I do not think it is advisable, or in the public interest at any time for parliament to create in the minds of the people at large expectations which are not capable of being realized.

In the second place, I believe there is always a possible danger to the position of the state itself in the event of anything untoward happening to a bank which is owned by the state. There may quickly arise in the public mind confusion between what may be a matter confined in its effects to the bank, and what may be assumed to concern the very life of the state itself. This may not happen so much within the bounds of the country where the situation may be known and understood as beyond its confines, and in the minds of peoples of other nations. One will recall that only a few months ago a very serious national crisis arose in France because simply of what was regarded as the intimate relations of the

government with an institution with which it had to do to the extent only of granting licences. If a condition of that kind were to arise with respect, not to some institution simply licensed by the government but to a government owned bank, through some fault of management resulting in personal and public loss, I can see where conceivably there might be created something in the nature of a panic in the state owing to the confusion which might arise in the public mind through the identification of the state itself with the institution. Anyone who has had the responsibility of government must realize that in connection with state affairs it is all important that at all times the soundness of the position of the state itself and of the position of the state in the mind of the public should be one which admits of no doubt whatever.

These are simply contingencies and they must be considered as against other contingencies. Against them it is to be said that that situation has never arisen in connection with any government owned institution in this country. It is to be said further that having a knowledge of our people and having a knowledge of the character of the persons likely to be in charge of the administration of this country's affairs there is little or no probability of that situation arising. To the alternative of a publicly owned and controlled institution, there has to be considered the pros and cons of a privately owned and controlled institution and the alternatives which lie in between these two extremes. The government has apparently decided wholly in favour of a purely privately owned institution, not one privately owned only but one privately controlled as well.

I want to take very strong exception to what the government is doing. Because the Prime Minister (Mr. Bennett) has decided in his own mind against the idea of a publicly owned institution, he and his colleagues and his supporters are now going to the other extreme of private ownership and private control and are deciding against any kind of effective public control. They are declaring for a privately owned and a privately controlled bank. That is going to an extreme which it seems to me, when its probable effects are carefully considered, will be found to be very much against the public interest. The amendment moved by the hon. member for Vancouver Centre makes it clear that in seeking to find what is most in the public interest this house should not be restricted to a consideration only of extremes and called upon to reach a decision in accordance with the one extreme or the other. The amendment suggests, seeing that views are so divergent that a place may be found within the two extremes, which may avoid what might be in the nature of dangers in either. We believe that with extremes ruled out this can be found in providing at least a sufficient amount of public control to insure that the control of this bank will be in the hands of the state and not in private hands. The amendment simply asks this house, in view of the fact that the government is going to the extreme, to reconsider this matter before it is too late and see by reference back to the committee whether it is not advisable and possible to adopt something short of the extreme measure which is being proposed and something which will ensure no uncertain measure of public control.

Having been one who right along has strongly advocated the establishment of a central bank, I wish at this time to make clear the grounds upon which I personally have advocated the institution of a central bank and the grounds upon which the Liberal party has made the institution of a public bank a part of its policy. The hon. member for Vancouver Centre has referred already to what I said when speaking in this house on February 27, 1933, in outlining the position of the Liberal party on the central bank. I should like to read again the words quoted by the hon. member for Vancouver Centre. Referring to the control of credit and stating the position of the party with respect to the control of credit, I said:

> The Liberal party believes that credit is a public matter, not of interest to bankers only, but of direct concern to the average citizen. It stands for the immediate establishment of a properly constituted national central bank, to perform the functions of rediscount, and the control of currency issue, considered in terms of public need. A central bank is necessary to determine the supply of currency in relation to the domestic, social and industrial requirements of the Canadian people; and also to deal with the problems of international commerce and exchange.

I desire to direct special attention to these words:

> —a properly constituted national central bank—

Also:

> To perform the functions of rediscount, and the control of currency issue, considered in terms of public need.

Note "in terms of public need" not possible private gain.

When this bill came up for second reading very careful consideration was given by this

side of the house as to whether or not the bill should be allowed to pass its second reading, without division, inasmuch as, in the form in which it was drafted, it appeared to be a bill for a privately owned and privately controlled central bank. It was only when the Minister of Finance gave the house the assurance that the questions of ownership and control were to be left open and might be very fully discussed in the committee to which the bill was to be referred, and that the question of private ownership and control was not to be considered as being in any way the principle of the bill, that the only principle involved was that of the establishment of a central bank, that we as a party decided to allow the bill to go to committee without division. Had we believed that there was a mental or any other reservation on the part of the Minister of Finance or of the Prime Minister with respect to the greatest freedom being permitted the committee in the consideration of the question of public ownership and control, I may state quite frankly that we would have been a unit against allowing the bill to pass without division.

This afternoon the Prime Minister has referred to one or two factors which he claims are in the nature of control by the government. One is the appointment of the deputy minister of finance as a member of the board of directors, although without any right to vote. Another is the power of veto given to the governor in certain contingencies. These amendments which inserted an element of control were proposed by hon. members of the committee who are on this side of the house. However, those amendments are insignificant in comparison with the other amendments moved from this side and which were very substantial and in our belief absolutely necessary. Those one or two small amendments were all that we were able to secure after a very strenuous battle. They are not sufficient, however, to have it for one moment assumed that in this bill there is such a thing as effective government control. The Prime Minister has referred to the right of the government to appoint the governor and the deputy governor, but that is a right which relates only to the inception of the measure. We are passing a bill which is to be upon our statutes for years to come and which it has been stated can only be amended or repealed with the consent of both houses of parliament and the bill states that the governor and deputy governor appointed by the government hold office only for a stated number of years. Thereafter the governor and the deputy governor are to be appointed by the shareholders.

Mr. BENNETT: With the approval of the governor in council.

Mr. MACKENZIE KING: Yes, but the appointment is by the shareholders, the governors become appointees of the private interests; so that the bank in the course of a very short time becomes representative entirely of private interests. Now that, it seems to me, is a very serious matter faced as we are in times like the present with what appears to be the most formidable of all conflicts of perhaps any age, namely, that of the money power versus the power of government as represented by the people in their houses of parliament. That is the issue, as I see it, the crux of the whole situation—whether this parliament, representing the people of Canada, is to create a great financial institution which is to control the credit and currency of the country, place that institution in private hands, both as to ownership and control, hand over to this privately-owned and controlled institution many of the functions and powers which the government itself at the present time is exercising, part in large measure with what the government now possess in the way of control of credit, part with what it possesses at the present time in the matter of the right of issuing currency, and hand over gold reserves and securities which are at the present moment in its possession—all this to be handed over to an institution which is to be privately-owned and controlled, or whether the institution to which these rights, powers, possessions and privileges are to be given is to be subject to an effective measure of government control. That, I think is a very serious situation, and there is no argument, it seems to me, which it is possible to bring forward that can really defend action of that kind on the part of this parliament. If it were of necessity a choice solely between the extreme of absolute government ownership and government control on the one hand, and on the other complete private ownership and private control, I could understand that there might be many who would find it difficult to decide one way or the other, there being no possibility of a middle course which would help to avoid what would be regarded as the dangers in either extreme. But there is a middle course, and it is that middle course which the government is apparently unwilling even to consider at the present time. That middle course would be to enable the gov-

ernment to appoint a certain number of directors, a number sufficient to give the government control of the central bank, directors who would not own shares but would represent the government, and who would sit along with the directors who were the nominees of those who owned the shares. Short of complete government ownership and control, could there be anything in the interests of all classes generally which obviously would serve the common interest better than that? One group of directors would be watching the actions of the bank from the point of view of investors, and the other group would be watching the actions of the bank from the point of view of the interests of the public at large; and these two in conference from day to day would undoubtedly be able to prevent many extreme actions being taken which might be contrary to the public interest, and they would also be able to bring about that unity and continuity in the affairs of the bank which the Prime Minister regards as so all-important. It is because we feel that even yet there might be a chance of saving the situation in some such way that the hon. member for Vancouver Centre has brought forward the amendment he has.

When the bill was in committee I spoke of the dangers which I feared might arise in the way of conflict between the government and the bank. In a word I indicated that they might develop to the point where in the public mind they would become a conflict between those in authority, as the government of the day, and the money power in the land; and that if that conflict ever arose we should have the most serious situation with which it is possible for a country to be faced. I think that possibility ought to be avoided at every cost. I do not think we ought to pass in this house a measure which is liable some day to create a conflict of that sort. The Prime Minister the other evening stated his position in these words. They appear in Hansard of June 21, at page 4195:

> What we wish to secure is a policy based upon the economic conditions of the country, not a policy of the bank based upon policies of a government. That is what the right hon. gentleman desires.

Now all parties wish to have a policy based upon the economic conditions of the country. The Prime Minister was not stating the matter quite fairly, because we know all parties wish to have a policy based on the economic conditions of the country. What the Prime Minister wants, what he meant, is a policy of the bank based upon the will of the financial interests, policies of the money power, and he made that quite clear when he said in the earlier part of the same statement:

> If the government were in complete control of the bank it would mean that if you had one government succeeded by another the bank would naturally change its policy, assuming that the policy was as the right hon. gentleman suggested. Then you would have governments controlling policies without continuity.

In other words, the Prime Minister does not wish that the government should in any way control the policy of the bank, but rather that the policy of the bank should be controlled in accordance with the views of the bank itself, the bank representing financial interests. In support of his position the Prime Minister raises this bogey of political pressure. Now it is necessary to keep in mind the distinction between what is meant by political pressure in the sense of a government being subject to pressure from its own followers and supporters in the country and what is meant by obeying the will of the people with respect to large national policies as expressed by the people themselves in the manner in which the constitution enables them to express their views. As regards there being danger of political pressure on a Prime Minister and government with respect to matters relating to a central bank, I question very much whether it need be greatly feared. There are undoubtedly considerations of sectional, racial and religious interests that arise in all matters of government, but they are not the determining factors. What any leader of an administration seeks to do as far as he can, what any government seeks to do as far as it can, is to harmonize different, and often conflicting, interests in the country; but always I venture to say, in any important appointment, the first consideration will be the fitness of the man for the position and the rightness of the position itself. When these things can be equally effected by adding to them further considerations, of what may help to keep the country united, be they economic or racial or religious, then I think it is altogether desirable that these other considerations should be taken account of. But it is absurd to talk about these considerations as controlling the situation with respect to any matters of government of a major character. On the other hand, questions of the policies which are to control in matters of government are all-important. Every parliament should be careful not to enact any measure which will create an institution that at any time may be indifferent to, to say nothing of being defiant of, the policies of a government as expressed by the people

through their representatives in parliament. To permit anything of the kind is to create a power which is greater than parliament itself. It is especially dangerous when the power is that of financial interests, the money power so-called. A central bank is an institution to which the state delegates a certain very important function, the control of the monetary system, but this function has definite social and public aspects and must be regarded as such. The report on which this bill is based at paragraph 207 says that the state "must necessarily retain ultimate sovereignty in matters affecting the currency." The important point is that the central bank is a social function. It is, to say the least, questionable whether a created private organization should have this power delegated to it. There can be no question that it is the duty of the central bank to stand out against the pressure of governmental policies which the bank believes to be injurious to the public good. But if a government decides that a certain monetary policy—using the term in its broad sense—is desirable, and if it is prepared to follow it at all costs and to be responsible to the public for it, then it must be, under a democratic scheme of government, the duty of the central bank to carry out that policy. That, I think, is sound and will be appreciated as lying at the essence of democratic control on the part of the state of all that relates to the affairs of the people themselves.

I touched on all this at some length the other evening. I spoke as well of something else, and that is the danger of this institution which we are creating, establishing policies that will be in direct opposition to those of the government of the day, and policies which may be able to set at defiance or wholly to defeat those of the administration of the day. As I have said over and over again, I believe the Prime Minister is interested in furthering imperial policies with respect to trade, shipping, finance, defence and all other aspects of our economic life. So far as hon. members on this side of the house are concerned we believe in national policies which will retain freedom to our parliament at all times with respect to carrying out the will of the people as it may be expressed in regard to any of these questions, whether they be trade, shipping, finance or defence. We believe so far as Canada and other parts of the empire are concerned, that any step which lends itself to the development of imperial policies in a way that may bring about a conflict between an imperial and a national point of view in matters of government is going to be the first step towards the dismemberment of the empire itself. For that reason we are very strongly opposed to any measure in which we see a danger of that kind.

The present legislation, establishing the Bank of Canada, is a definite step in the establishment of an imperial policy of finance, under which the financial destiny of Canada is placed under persons independent of parliament, who can maintain, through the Bank of England and the other central banks of empire nations, a definite and positive control of empire currency, credit and trade. That being the case, I feel very strongly that this measure ought to be reconsidered before we are asked to vote upon it.

The Bank of Canada, as constituted by this proposed enactment, will undoubtedly be the means of vesting in the Bank of England the management and control of Canada's foreign exchange and Canada's internal credit administration. As I said the other evening, once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile. Those are strong words; they constitute a strong argument and they are words of which this house ought to take full account before it is too late.

May I, just before I conclude, draw attention to the nature of the struggle there has been in Great Britain itself between the government of that country and the money power there as represented by the Bank of England. What I wish to point out is that for years, for decades, for almost a century past the government of England has been trying more and more to free itself from the control of the banks and the financial interests as represented by the Bank of England in particular. They have been seeking to get the control of credit more and more into the hands of the state, into the hands of those who represent the wishes and the will of the people. This has been a long and very hard struggle. At the present time the whole trend of discussion on financial matters in Great Britain is to bring about in Britain itself a larger measure of state control of the banking system and of credit. What are we doing? We to-day are deliberately seeking to part with what measure of control we now have, and to make the financial interests even more independent of parliament than they have been heretofore.

I do not know that I can better emphasize what I have been saying about the situation in England than to refer to a record which Mr. Gladstone has left of the position that he encountered when as Chancellor of the Exchequer he began to try to introduce certain financial reforms. It throws a good deal of light on the significance of what by this measure is being done by the present administration in Canada. In the Life of Gladstone by John Morley, volume I, at page 519, Lord Morley refers to "the controversies on currency that thrive so lustily in the atmosphere of the Bank Charter Act." He deals with Mr. Gladstone's effort "to readjust the banking relations, properly so called, between the bank and the state." It was in connection with Mr. Gladstone's effort to readjust those relations that Mr. Gladstone himself drew up a memorandum which is referred to as an "undated fragment" and which Lord Morley has included in the appendix of volume I under the heading of "Mr. Gladstone and the bank." I read this passage to hon. members and ask them to consider it very carefully. This is Mr. Gladstone speaking:

> From the time I took office as Chancellor of the Exchequer I began to learn that the state held in the face of the bank and the city an essentially false position as to finance. When those relations began, the state was justly in ill order as a fraudulent bankrupt who was ready on occasion to add force to fraud. After the revolution it adopted better methods though often for unwise purposes, and in order to induce monied men to be lenders it came forward under the countenance of the bank as its sponsor. Hence a position of subserviency which, as the idea of public faith grew up and gradually attained to solidity, it became the interest of the bank and the city to prolong. This was done by amicable and accommodating measures towards the government, whose position was thus cushioned and made easy in order that it might be willing to give it a continued acquiescence. The hinge of the whole situation was this: The government itself was not to be a substantive power in matters of finance, but was to leave the money power supreme and unquestioned. In the conditions of that situation I was reluctant to acquiesce, and I began to fight against it by financial self-assertion from the first, though it was only by the establishment by the post office savings banks and their great progressive development that the finance minister has been provided with an instrument sufficiently powerful to make him independent of the bank and the city power when he has occasion for sums in seven figures. I was tenaciously opposed by the governor and deputy governor of the bank, who had seats in parliament, and I had the city for an antagonist on almost every occasion.

I ask the house to listen to what Mr. Gladstone referred to as "the hinge of the whole situation." It is not less the hinge of the whole situation in Canada to-day as it will be with respect to the Bank of Canada after this act is passed, than it was in Great Britain as respects the Bank of England in Mr. Gladstone's day as regards the relations of the government and of the bank, or to express the same thing in its rightful proportions the relations of parliament and the money power:

> —the government itself was not to be a substantive power in matters of finance but was to leave the money power supreme and unquestioned.

That is exactly what the government proposes to see is done by this bill in its present form. In matters of finance it makes the bank supreme; it makes the bank the body that will determine the monetary policy of the country, that will have the power to enforce that policy and to resist any monetary policy that may run counter to it. This privately owned and privately controlled institution is to be permitted to do that. The government itself is not to be a substantive power. That is a pretty serious situation, Mr. Speaker. As I see it what we are doing in following the government amounts pretty much to this: We are handing over to an institution that is our own creation supreme power in the matter of financial policy, in the matter of the control of social credit and in the issue of currency. We are parting with all these things to this institution, allowing it to go its way and we leave ourselves as the representatives of the people, in a position where, once the bank is instituted, and free to pursue its own course, we no longer will have any real control over it.

Hon. members of this house have witnessed, no doubt frequently, one of our great ocean liners about to leave port. First it takes on board the passengers and cargo; the crew are already aboard, then come the officers and the captain. Finally, the gangway is pulled up; the fastenings are loosened, and little by little the vessel moves away from the shore. Once out into the harbour it may lie at anchor for a short time. Then it draws up anchor and proceeds to sea, absolutely free from any relationship with the port it has just left or with those who have been responsible for giving it the powers, the passengers and the cargo it possesses. As I see it that is exactly what we are doing with this Bank of Canada. We are creating a bank that is to control the credit, to issue the currency and to hold the gold reserves of the country. In this new banking venture, we are loading the new vessel

of state—the Bank of Canada—that is being created by the state with the gold reserves out of our treasury, together with our securities, and we are giving it all powers with regard to the issue of currency and the control of credit. Having done this the Prime Minister appoints the captain and first officer and tells them to go aboard. We have already provided that the passengers are to be the private shareholders, so they are already on board. It having been provided that the passengers and the captain and officers are to have full possession of the entire precious cargo, this house then begins to release the vessel from her moorings. The Prime Minister gives orders that the gangplank is to be drawn up, no subsequent governor or deputy governor is to be appointed by the government, and no directors. This House of Commons is to have no further opportunity save by the sanction of the other house of parliament, to get aboard the vessel, or to say what is to be done either in relation to its cargo or in regard to the direction in which it is to go.

The bill goes from here to the other house, and what happens? The next step is there taken; the fastenings are further, almost completely loosened, and when the bill passes that house, the new ship, the Bank of Canada, gets a little further out on its own. It may lie at anchor for a short time until His Excellency the Governor General comes to give the bill assent. Then the anchor is drawn up and what is the position? The Bank of Canada starts out on its own, in the world of finance, free to do as it pleases with respect to the policies it seeks to put into force, and with the powers which have been given to it, and this House of Commons, save in so far as the other house approves, has no power or control whatever over this institution.

I put that picture forward in a very simple and, I am afraid, haphazard sort of fashion, but it is one which should bring to the minds of everyone a very clear realization of the position this House of Commons is going to be in from now on in relation to this new Central Bank, unless one further provision is made; that is, the provision that there shall be a link between the government and the bank in the nature of a majority of directors to be appointed by the government which will assure some immediate and direct relationship between the two. It is to be hoped that policies of the bank and of the government may not conflict, but where there is a conflict of policy on a matter of major concern to the people, we should see to it that provision is made whereby the will of the people should be made to prevail. This can only be effected as matters now stand by some provision which will ensure representation of the government in a majority control on the board of directors of the bank.

Mr. WILLIAM IRVINE (Wetaskiwin): Mr. Speaker, I am sure it is not necessary for me to explain, either from my personal point of view or from that of the group in this corner, that we believe sincerely that the financial institutions of this country should be publicly or socially owned. For upward of twelve or thirteen years in this house we have urged that position from time to time, so in speaking a word for that principle now I need make no apology whatever.

I am rather sorry that the amendment moved by the hon. member for Vancouver Centre (Mr. Mackenzie) is so ambiguous as to be very difficult to follow, and indeed as to make it practically impossible for anyone believing in public ownership to support. I do not wish to be unkind in referring to this amendment but really it is the most peculiar piece of construction I have ever seen in my experience in the House of Commons. The hon. gentleman concluded his argument by quoting something that was a "liberal thing," and I would say this amendment certainly is a liberal thing. It begins by asking for a government owned and controlled bank. Then it asks for a government owned bank, and then for a government controlled bank. In God's name what sort of bank do they want? I presume there are some people who want government owned banks in Canada; therefore the Liberals can say, "We asked for a government owned bank." Undoubtedly there are some people who are very much afraid of government control of anything and they may say, "Well, we asked for a government owned bank without having government control." Then there may be some people who believe in government control without government ownership, and the Liberals may say, "Well, we asked for that too."

This is most decidedly and characteristically a Liberal amendment. The right hon. gentleman who has just taken his seat (Mr. Mackenzie King) has spoken to it admirably; no man in this house knows what sort of a bank he spoke in favour of. I would almost say that I doubt whether, at the moment, he knows himself.

Some hon. MEMBERS: Order.

Mr. IRVINE: I am not seeking to reflect on the unquestionable integrity of the right hon. gentleman, nor on his undoubted intellectual ability; I want my hon. friends to understand that. But the right hon. gentleman did say that the question was a very debatable one, and if that means anything at all it means that he was in doubt—and the right hon. gentleman is perfectly right to be in doubt about any issue—at this moment as to whether that bank should be government owned or privately owned. When the hon. member for Vancouver Centre began his remarks he took some time in trying to establish that the amendment he was moving was in accordance with the position taken in previous debates by his right hon. leader. Thus he made it appear that in moving the amendment he was speaking for the entire Liberal party. It is unfortunate I think that the right hon. leader of the opposition should have so clearly revealed in his address that the policy indicated in the amendment with respect to public ownership is not the policy of the Liberal party.

Under (b) of the amendment what sort of bank would we have, if it were government owned without being government controlled? Who is going to control a government owned bank?—a private institution? And if it does not mean that it is possible to have a government owned bank without being government controlled, then it means absolutely nothing at all. Then, paragraph (c) of the amendment indicates that the Liberal opposition would be content with a government controlled bank which was not government owned, while (b) indicates that they would be content with a government owned bank which was not government controlled. Paragraph (a) indicates that they would like to have both at the same time.

What I am about to point out may be regarded as having a political intent. I do not as a rule seek to establish any particular rights, from our point of view. I usually speak on the issue for what it is worth. But when the hon. member for Vancouver Centre tries to establish that a policy of a government owned and controlled bank is what the Liberal party stands for and calls upon the house to adopt, then I must take issue with him and indicate that if that has become the Liberal policy it is because the group in this corner of the house have popularized it in the minds of the Canadian people, and because at the next general election it is quite possible that those who stand for a publicly owned bank will have a considerable following. Here is a fact which I believe will substantiate the point I am making, namely that the Liberal party in the mouth of its leader has never declared for public ownership of the financial facilities in this country. In this connection I ask hon. members to look at Hansard for April 26, 1932, upon which occasion the right hon. leader of the opposition was speaking in the budget debate in reply to an amendment which had been moved by an hon. member in this corner of the house. Before referring to the amendment the right hon. gentleman said:

> May I come back now to the other part of the subamendment of the Progressive party? It is as follows:
>
> "That in the opinion of this house, as a first step towards general economic reconstruction, our financial system should be nationalized, and provision be made to issue immediately sufficient money to bring the value of the dollar as speedily as possible to that point at which the major portion of our debts were incurred during the war; stabilize the dollar at this point internally and thereafter manage credit and currency issue to secure and maintain a stable price level within Canada."

You will observe, Mr. Speaker, that we were asking in that subamendment for the nationalization of the banks. We asked also for a measure of inflation or, if you like, the issue of sufficient money to carry on the business of the country and to reduce debts by the amount they were increased by deflation. We asked also for a stabilization of the dollar at that point internally, and for the management of the credit of the nation.

May I point out that in the legislation of this session there has been a decided move towards at least two of the principles included in that motion. Let us see what the right hon. leader of the opposition had to say at that time about nationalization. These are his words:

> That is the substance of the subamendment. It suggests two things: First, the nationalization of our financial system and, second, the direct adoption of a policy of inflation. May I in the first instance ask this question of those who have moved this subamendment: If our financial system is to be nationalized, whom are you going to entrust with that work? Are you going to entrust the government opposite with it? Are you going to entrust hon. gentlemen opposite, who have dealt with the tariff in the manner in which they have, under the freedom which has been given them, to nationalize the finances of this country? Yet that is what this amendment is suggesting, because it is addressed to parliament as it exists at the present time. May I ask another question? Were a Liberal administration in office would you entrust a Liberal administration with that task? May I ask still another question? Were you in office yourselves,—

Speaking of hon. members in this corner of the chamber—

—would you undertake the work of nationalizing the finances of the country? I do not believe that any group of persons who have given thought to these matters would attempt a task of that kind in Canada at this time. And, if we ourselves would not undertake a scheme such as this, what would be thought of Canada by other countries if it were announced to-morrow that this House of Commons had attempted any such task as the one indicated in the subamendment?

There is a very clear and distinct declaration made over two years ago, namely in 1932, by the right hon. leader of the opposition, that they would not countenance this parliament or this government taking charge of the financial institutions of this country. He was clearly, unmistakably and unequivocally stating the position of the Liberal party, and so far as I can make out from the statement made to-day by the right hon. gentleman that position has not altered. On two occasions he has stated very clearly, and only a few moments ago repeated the statement, that the whole matter as to whether or not the financial institutions of Canada should be owned and controlled by the government or should be controlled and owned by private institutions is a matter for debate. So, while I have no doubt that the hon. member for Vancouver Centre stands very sincerely for the socialization of finance, I am afraid he cannot speak for the whole Liberal party in making any such amendment.

Let me add, further, that this corner of the house does not think the matter is now open for debate. We are quite certain that the time for debating this matter was in the last century; we feel it has been debated and redebated, and that it has been settled in the minds of those who pay any attention to debate, that no private institution should take control of the finances of any country whatsoever. The issuing of currency, the managing of credit and the control of the whole financial institution are peculiarly functions of the state. That is the position hon. members in this corner have held consistently and now hold. As I say, I cannot vote for the amendment because it does not mean anything. As I pointed out earlier in my remarks, it is a sort of omnibus, which is on an eternal and circuitous road leading nowhere. I move, Mr. Speaker, seconded by the hon. member for Winnipeg North Centre (Mr. Woodsworth), that all the words after "be" in the fifth line of the amendment be struck out and the following words added, "government owned and controlled." That removes all doubt. Those who vote for that unequivocally stand for government ownership of this central bank and the country will know exactly what we mean.

In concluding I desire to say that while the government has no doubt excellent reasons from their point of view for the position which they have so firmly held in this regard, and while the argument which the Prime Minister made this afternoon and on previous occasions with regard to the unhealthy influence which politics as they exist in Canada to-day may have on a government controlled institution, I still think that his argument is more of a condemnation of the weakness of our own parliamentary system than it is an argument against the socialization of the financial institutions of the country, and I believe that we should endeavour at this session of parliament and at this moment to secure complete government ownership and control of the central bank.

If there is a vote to be taken on the main motion I shall then have something to say on the merits of the bill on the basis on which it is drawn and the advantages which, in spite of the fact that it is not socially owned, the new central bank does give over anything which we have previously known in this country, but for the moment I shall have nothing further to say beyond referring to the closing remarks of the right hon. leader of the opposition when he emphasized that we are now making the central bank supreme in Canada. The fact of the matter is that even when the right hon. gentleman was in power himself the chartered banks of this country were supreme, and were more supreme than this central bank will ever be, for there are restrictions here while there were no restrictions to the powers of the chartered banks before in the matter of the control of credit. So there is no need for us to blink the issue. We in this corner want outright social ownership and control, but if this parliament votes that down then unquestionably the new central bank will be a great improvement on the financial institutions of this country.

Mr. BENNETT: I rise to a question of order, Mr. Speaker. When the hon. member for Vancouver Centre (Mr. Mackenzie) moved his amendment I had not time to look into the authorities while I was following him, but it is quite obvious that his amendment is not valid.

Perhaps I might state roughly before the Speaker comes in so that hon. gentlemen

opposite will realize my point, that May, twelfth edition, at page 461 says:

> Every amendment proposed to be made, either to a question or to a proposed amendment, should be so framed that, if agreed to by the house, the question or amendment, as amended, would be intelligible and consistent with itself.

There are three alternatives in this amendment. If it is carried by the house which one is to be adopted? It must be complete within the amendment itself. Therefore there must be three several amendments moved in order to have these three questions considered by the house. If this amendment were adopted as it stands the house would not know what would be the result, for when it is carried which alternative have you voted for? Have you voted for a government owned and controlled bank, for a government owned bank or for a government controlled bank? You have to have one or the other, and it must be complete within itself.

That is the position, Mr. Speaker, and inasmuch as the rule seems to be reasonably clear—I have now in my hand May, thirteenth edition, page 285:

> Every amendment proposed to be made, either to a question or to a proposed amendment, should be so framed that, if agreed to by the house, the question or amendment, as amended, would be intelligible and consistent with itself.

I did not have the thirteenth edition in my hand when I rose, and I was quoting from May, twelfth edition, page 261.

I put this to Your Honour: If the house carries this amendment hon. gentlemen opposite vote for what? To provide that the central bank shall be either—"either," mark you—(a) government owned and controlled; (b) government owned, or (c) government controlled. It does not require a lawyer to point out that when the house arrives at a conclusion with respect to an amendment to the third reading of a bill and the house as a result goes into committee it must be able at once to give effect to the amendment proposed. The amendment as it stands means that the house has voted for no principle but that it has taken a chance on any one of three. Under those circumstances clearly three amendments are necessary. I shall be glad to accommodate the hon. member for Vancouver Centre if he wishes to strike out any two alternatives. We can then have a separate vote on the one remaining, and a separate vote on each alternative, if he so desires. But to do so there must be three amendments.

[Mr. Bennett.]

Hon. IAN MACKENZIE (Vancouver Centre): On the point of order, Mr. Speaker, I submit that this house is not bound specifically to all of these three alternatives. This house, if it votes for this amendment, votes to send back Bill 19 to a committee of the whole house. Suppose the amendment carries. Then the committee of the whole is specifically empowered to consider not only section 19 to which I have previously moved an amendment, but also section 9, to which the hon. member for Shelburne-Yarmouth has moved an amendment. The amendment I submit is completely in order for this reason, that the other evening we had an exactly similar amendment moved in the house and passed, and the point of order was not raised either by the Speaker or by anyone else.

Mr. BENNETT: It is being raised now, though.

Mr. MACKENZIE (Vancouver): May I say that previously in this house I have seen precedents established on points of order. My right hon. leader moved an amendment to the marketing bill, Bill No. 51, the other day, and we sought in that amendment to refer Bill 51 back to committee of the whole to consider giving the committee the right to amend it in two particulars which were not related in the remotest degree. Is that not correct?

Mr. BENNETT: Certainly we can do that. The hon. gentleman has not caught the point. Which one of these three does the house adopt by accepting the amendment?

Mr. MACKENZIE: Neither.

Mr. BENNETT: That is what I say, and therefore it is invalid. You might as well have twenty-three.

Mr. MACKENZIE (Vancouver): This house if it passes the amendment authorizes the committee to consider the sections which are affected by these various amendments.

Mr. BENNETT: It does not say that.

Mr. MACKENZIE (Vancouver): If I am ruled out of order by Your Honour I will with pleasure accept the suggestion of the Prime Minister and leave out the two second alternatives in the amendment so that we can vote on a government owned and controlled institution. We took similar action the other day on the marketing bill. If Your Honour is going to rule against me I shall be glad to delete the word "either" and the two second alternatives.

Mr. BENNETT: In fairness to the hon. gentleman and because of the fact that I

did not raise the point of order at the time because I had not the books beside me, I am quite willing if the house will agree that he should strike out the word "either" and any two of the three alternatives that he may choose to strike out.

Mr. MACKENZIE (Vancouver): Strike out (b) and (c).

Mr. IRVINE: I object to the hon. gentleman having a chance to amend his out-of-order amendment.

Mr. BENNETT: I think the hon. gentleman is right.

Mr. SPEAKMAN: Speaking to the point of order, I am afraid I cannot agree with the hon. member for Wetaskiwin (Mr. Irvine). If the house is willing unanimously to adopt the subamendment moved by the hon. member for Wetaskiwin, I cannot see why he or those around him should take any exception to that action.

Mr. IRVINE: That is my point. If it is going to be accepted unanimously by the house, I am quite willing.

Mr. MacINNIS: As I understand the point of order, the hon. member for Vancouver Centre (Mr. Mackenzie) has withdrawn his amendment.

Some hon. MEMBERS: No.

Mr. MacINNIS: He has withdrawn his amendment in so far as it does not agree with the subamendment.

Mr. BENNETT: I should like to speak just one moment on the point of order. I did not realize that an hon. member had moved a subamendment. Therefore I do not think the house, even by consent, can make a change in the main amendment without the consent of the hon. gentleman who has moved the subamendment. He says he does not agree and therefore I submit that the amendment must be declared out of order.

Mr. SPEAKER: The objection taken by the hon. member for Wetaskiwin (Mr. Irvine) is sound. Except by unanimous consent an amendment cannot be altered.

Mr. CASGRAIN: I move that the bill be not now read a third time but that it be referred back to the committee of the whole with instructions that they have power so to amend it as to provide that the Bank of Canada shall be government owned and controlled.

Mr. SPEAKER: As I understand it, the unanimous consent of the house has not been given to the alteration or the withdrawal of the amendment. The amendment and the subamendment are both still before the house and, consequently, the hon. member for Charlevoix-Saguenay (Mr. Casgrain) is not in order in moving a further amendment.

Mr. CASGRAIN: I understood that Your Honour had ruled them out of order.

Mr. BENNETT: Mr. Speaker has not yet ruled upon the point of order. The point of order is that you cannot have three alternatives, nor twenty-three nor thirty-three on an amendment to the third reading of a bill. If it is good for three it is good for fifty-three, sixty-three or one hundred and three. I ask the Speaker to rule that the amendment and the subamendment are out of order and then we can proceed with the motion for the third reading of the bill.

Mr. SPEAKER: On the objection taken by the Prime Minister (Mr. Bennett) to the form of the amendment, I consider the amendment out of order. I consider it out of order on the further ground that it is a motion entailing the expenditure of public money. Such a motion can be considered by the house only on a day later than it is introduced and it must be introduced by a cabinet minister. For these two reasons I rule the amendment and subamendment out of order.

Mr. CASGRAIN: I move, seconded by the hon. member for North Battleford (Mr. McIntosh) that the bill be not now read a third time but that it be referred back to the committee of the whole with instructions that they have power so to amend it as to provide that the Bank of Canada shall be government owned and controlled.

Mr. SPEAKER: I rule that that amendment is out of order because, like the original amendment, it entails an expenditure of public money and is a violation of the terms of the British North America Act.

Mr. MACKENZIE (Vancouver): In connection with the ruling of Your Honour with respect to this amendment entailing the expenditure of public money, I respectfully submit that Your Honour is not correct. I submit that this amendment does not entail the expenditure of one single cent of public money. If the Bank of Canada was already set up and was functioning, if the capital had been subscribed and we were transferring that capital from a private institution to the public domain, then Your Honour's point would be well taken. Up to the present we have not spent a single cent of public money and by setting up public ownership, as recommended in the amendment of the hon. member for

Charlevoix-Saguenay (Mr. Casgrain), we are not involving the expenditure of one single cent of public money. I submit in the strongest possible way that the amendment is in order and if Your Honour insists upon your ruling I shall be compelled to appeal.

Mr. POWER: I have not the reference before me at the moment, but I suggest that this bill was preceded by a resolution which provided for the setting up of the bank. I submit that this amendment would fall within that resolution which has been submitted to the house and carried.

Mr. SPEAKER: As hon. members have not given me any reasons to induce me to change my ruling, the ruling is that the amendment is out of order. The Speaker having ruled that the amendment moved by the hon. member for Charlevoix-Saguenay (Mr Casgrain) to the motion that Bill No. 19 be not read a third time is out of order, the hon. member appeals from that decision.

The house divided on the question: Shall the ruling of the chair be sustained? And the ruling was sustained on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park)
Anderson (Halton)
Arsenault
Arthurs
Barber
Baribeau
Barrette
Beaubier
Belec
Bell (St. John-Albert)
Bennett
Beynon
Bowen
Bowman
Boyes
Burns
Bury
Cahan
Chaplin
Charters
Cotnam
Cowan (Long Lake)
Dorion
Duguay
Dupré
Duranleau
Edwards
Embury
Fraser (Cariboo)
Gagnon
Ganong
Garland (Carleton)
Gobeil
Guthrie
Hackett
Hanson (York-Sunbury)
Harris
Hay
Johnstone
Jones
Kennedy (Winnipeg South Centre)
Laflèche
Larue
Laurin
Lawson
Loucks
Macdonald (Kings)
Macdougall
MacLaren
MacMillan (Saskatoon)
MacNicol
McDade
McGibbon
McGillis
McGregor
McLure
Maloney
Matthews
Moore (Chateauguay-Huntingdon)
Morand
Mullins
Murphy
Myers
Peck
Perley (Qu'Appelle)
Pickel
Porteous
Price
Quinn
Rowe
Ryerson
Sauvé
Senn
Shaver
Short
Simpson (Simcoe North)
Simpson (Algoma West)
Smith (Cumberland)
Spence
Sproule
Stanley
Stewart (Leeds)
Stewart (Lethbridge)
Stinson
Stirling
Stitt (Nelson)
Stitt (Selkirk)
Sullivan
Sutherland
Swanston
Tétreault
Thompson (Simcoe East)
Thompson (Lanark)
Tummon
Weese
Weir (Melfort)
White (Mount Royal)
Willis—98.

NAYS

Messrs:

Ahearn
Beaubien
Blair
Bothwell
Boucher
Boulanger
Brasset
Brown
Butcher
Carmichael
Casgrain
Coote
Denis
Deslauriers
Donnelly
Dubois
Duff
Dumaine
Dupuis
Elliott
Euler
Factor
Ferland
Fiset, Sir Eugène
Fontaine
Fraser (Northumberland, O.)
Gardiner
Garland (Bow River)
Girouard
Goulet
Gray
Hall
Hanson (Skeena)
Heenan
Howden
Hurtubise
Irvine
Jacobs
Jean
King, Mackenzie
Lacroix
Lapointe
Lucas
MacInnis
Mackenzie (Vancouver Centre)
MacLean
Macphail, Miss
McIntosh
McKenzie (Assiniboia)
Michaud
Mitchell
Motherwell
Munn
Parent
Perras
Power
Reid
Rennie
Rinfret
St-Père
Sanderson
Séguin
Speakman
Stewart (Edmonton West)
Taylor
Thauvette
Totzke
Veniot
Verville
Weir (Macdonald)
Woodsworth
Young—72.

PAIRS

(The list of pairs is furnished by the chief whips.)

Baker
Bell (Hamilton)
Bell (St. Antoine)
Black (Halifax)
Bourgeois
Cantley
Casselman
Cowan (Port Arthur)
Davies
Dickie
Ernst
Esling
Fortin
Bertrand
Mercier (St. Henri)
Raymond
Dubuc
Kennedy (Peace River)
Cardin
Howard
Ilsley
Spencer
Neill
Luchkovich
Hanbury
Fafard

Geary	Mercier (Laurier-Outremont)
Gordon	Moore (Ontario)
Gott	Rutherford
MacDonald (Cape Breton)	Urquhart
Manion	Chevrier
Nicholson	Bradette
Perley, Sir George	Marcil
Pettit	Bouchard
Plunkett	Fournier
Rhodes	Ralston
Ross	Roberge
Robinson	Desrochers
Rogers	Heaps
Smoke	Pouliot
Spotton	MacMillan (Mackenzie)
Stevens	Malcolm
Turnbull	McPhee
White (London)	Gershaw
Wilson	Vallance
Wright	Golding.

Mr. NEILL: I was paired with the hon. member for Nanaimo (Mr. Dickie). Had I voted, I would have voted against the Speaker's ruling.

Mr. CANTLEY: I was paired with the hon. member for Richelieu (Mr. Cardin). Had I voted, I would have voted to sustain the decision of the Speaker.

Mr. KENNEDY (Peace River): I was paired with the hon. member for Three Rivers-St. Maurice (Mr. Bourgeois). Had I voted, I would have voted against the Speaker's ruling.

Mr. WILSON: I was paired with the hon. member for South Battleford (Mr. Vallance). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted, I would have voted against the Speaker's ruling.

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

Mr. McPHEE: I was paired with the hon. member for Regina (Mr. Turnbull). Had I voted, I would have voted against the Speaker's ruling.

Mr. BERTRAND: I was paired with the hon. member for Toronto Northeast (Mr. Baker). Had I voted, I would have voted against the Speaker's ruling.

Mr. SMOKE: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. HEAPS: I was paired with the hon. member for Winnipeg South (Mr. Rogers). Had I voted, I would have voted against the Speaker's ruling.

Mr. STEVENS: I was paired with the hon. member for North Bruce (Mr. Malcolm). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. NICHOLSON: I was paired with the hon. member for North Timiskaming (Mr. Bradette). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. GEARY: I was paired with the hon. member for Laurier-Outremont (Mr. Mercier). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. CASSELMAN: I was paired with the hon. member for Sherbrooke (Mr. Howard). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. LUCHKOVICH: I was paired with the hon. member for Queens-Lunenburg (Mr. Ernst). Had I voted, I would have voted against the Speaker's ruling.

Mr. SPENCER: I was paired with the hon. member for Athabaska (Mr. Davies). Had I voted, I would have voted against the Speaker's ruling.

Mr. MacDONALD (South Cape Breton): I was paired with the hon. member for Colchester (Mr. Urquhart). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. ROSS: I was paired with the hon. member for Megantic (Mr. Roberge). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. WRIGHT: I was paired with the hon. member for South Huron (Mr. Golding). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. BOUCHARD: I was paired with the hon. member for Welland (Mr. Pettit). Had I voted, I would have voted against the Speaker's ruling.

Mr. FOURNIER (Translation): I was paired with the hon. member for Three Rivers-St. Maurice (Mr. Bourgeois). Had I voted I would have voted against the Speaker's ruling.

Mr. DESROCHERS (Translation): I was paired with the hon. member for West Essex (Mr. Robinson). Had I voted I would have voted against the Speaker's ruling.

Mr. FAFARD (Translation): I was paired with the hon. member for Levis (Mr. Fortin). Had I voted I would have voted against the Speaker's ruling.

Mr. RAYMOND (Translation): I was paired with the hon. member for St. Antoine (Mr. Bell). Had I voted I would have voted against the Speaker's ruling.

Mr. DUBUC (Translation): I was paired with the hon. member for Halifax (Mr. Black). Had I voted I would have voted against the Speaker's ruling.

Mr. MERCIER (St. Henri) (Translation): I was paired with the hon. member for West Hamilton (Mr. Bell). Had I voted I would have voted against the Speaker's ruling.

Mr. CHEVRIER (Translation): I was paired with the hon. Minister of Railways and Canals (Mr. Manion). Had I voted I would have voted against the Speaker's ruling.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I beg to move the following amendment:

That the bill be not now read a third time but that it be referred back to the committee of the whole with instructions that they have power to amend same so as to safeguard the sovereignty of parliament over Canada's financial policy.

Mr. BENNETT: There is no difficulty about that being out of order.

Mr. SPEAKER: My recollection is that the hon. member for Winnipeg North Centre has already spoken.

Mr. WOODSWORTH: I have not yet spoken to the third reading of the bill. I know that some gentlemen on the government side suggest that it is out of order anyway.

Mr. BENNETT: I desire to raise the question as to its being in order. The amendment does not direct the house to do any specific thing. On the third reading, as I pointed out a moment ago, it is desirable, nay, it is necessary and incumbent upon those who move an amendment, to do one of two things, either to negative the motion for third reading or to move that the bill be read this day six months hence.

Mr. WOODSWORTH: On the point of order, Mr. Speaker, I submit that the resolution does ask the committee to do a very specific thing, namely, to safeguard the sovereignty of the parliament of Canada.

Mr. BENNETT: We say that is done.

Mr. WOODSWORTH: That is a matter of judgment, but it does not affect the point of order. The Minister of Finance (Mr. Rhodes) earlier in the discussion, when an attempt was made to move an amendment, had the following to say, as reported in Hansard of March 8, at page 1291:

Mr. Rhodes: That is the only principle. The point whether this bank should be publicly or privately owned as well as questions respecting the numerous other details incidental to the bill are matters of detail which can be dealt with by way of amendment in the regular course as we proceed in committee on banking and commerce, or in committee of the whole house, or upon motion on the third reading of the bill.

With that understanding we then postponed the amendment. Now we find apparently that there has come a change in the mind of the government and that the Minister of Finance was quite wrong and that no amendment can be made on the third reading of the bill, looking to the public ownership and control of the bank. I submit that it is a very serious matter if, on great general principles, we are not permitted to have any voice when it comes to the third reading of a bill such as this. I contend, with regard to this particular point of order, that there is a very specific thing which we ask that the committee should do. It is quite true the Prime Minister thinks it is not necessary; that is natural. Some of us think it is necessary, but it is a specific thing which we ask should be done, and I submit on a point of order that this motion is really in order.

Mr. BENNETT: Will the hon. gentleman move the adjournment of the debate, leaving the matter as it stands, in order that, with the consent of the house, I may move the resolution which we agreed would be presented some time before the house rose?

Mr. WOODSWORTH: Yes, Mr. Speaker; I shall be glad to move the adjournment of the debate.

Motion agreed to and debate adjourned.

ADJOURNMENT—BUSINESS OF THE HOUSE

MORNING SITTINGS FROM THURSDAY, JUNE 28 UNTIL END OF SESSION

Right Hon. R. B. BENNETT (Prime Minister): With the consent of the house I

should like to revert to motions in order to move, seconded by Mr. Guthrie:

That on Thursday, the 28th instant, on Friday the 29th, on Saturday, the 30th, and every sitting day and Saturday thereafter until the end of the session, the house shall meet at 11 o'clock in the morning, and that in addition to the usual intermission at 6 o'clock p.m., there shall be an intermission every day from one to three o'clock, p.m., and the order of business and procedure shall be the same on Saturday as on Friday.

If that is along the lines of what we agreed to, I should like to move it, first reverting to motions in order that the procedure may be correct.

Mr. MACKENZIE KING: I would ask the Prime Minister if he would have any objection to having the word "Monday" substituted for the word "Friday", so that the order of business on Saturday would be the same as on Monday?

Mr. BENNETT: For the purpose of enabling the hon. gentleman to move his motion—

Mr. MACKENZIE KING: If it is necessary. I do not say that it will be.

Mr. BENNETT: Speaking for the government, the government consents to the right hon. gentleman making any motion he desires to make, but somebody else might object and then he might be precluded; so it is better to substitute the word "Monday" for "Friday." Perhaps, Mr. Speaker, you would substitute the word "Monday" for "Friday" in the motion, so that the order of business on Saturday shall be the same as on Monday.

Motion as amended agreed to.

Mr. MACKENZIE KING: What will be the first order of business to-morrow—this bill?

Mr. BENNETT: Yes, this bill.

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

Thursday, June 28, 1934

The house met at eleven o'clock.

ELECTIONS ACT

REPORT OF SPECIAL COMMITTEE ON BILL NO. 115

Hon. HUGH GUTHRIE (Minister of Justice) presented the third report of the special committee to which was referred Bill No. 115, respecting the election of members of the House of Commons.

CUSTOMS TARIFF

Hon. R. C. MATTHEWS (Minister of National Revenue) moved for leave to introduce Bill No. 125, to amend the Customs Tariff.

He said: I beg to ask leave to introduce a short bill, a bill to amend section 6 of the customs tariff, by adding a new subsection to be called subsection 2A, by which the governor in council may order that excise duties or excise taxes may be disregarded in estimating the market value for purposes of special or dumping duties on goods imported from certain specified countries, which are entitled to entry under the general tariff.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Another election sign.

Mr. CASGRAIN: The elections are coming.

Mr. McINTOSH: Dissolution is on the horizon.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall said bill be read a second time?

Mr. MACKENZIE KING: I presume this is the measure referred to by the Prime Minister.

Mr. BENNETT: This is the complementary measure, and unless it was passed the bill which was introduced yesterday and which stands on the order paper would not effect the purposes intended. This is a complementary section in the customs tariff to the amendment made in the Customs Act.

Mr. MACKENZIE KING: The Prime Minister referred to this matter yesterday and I see no reason why it should not be given second reading now.

Mr. MATTHEWS moved the second reading of Bill No. 125, to amend the Customs Tariff.

Motion agreed to and bill read the second time.

PENSION ACT AMENDMENT

INQUIRY AS TO THE INTRODUCTION OF PROPOSED LEGISLATION

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, may I ask the Prime Minister when he intends to bring in amendments to the Pension Act, and if we could have some information in regard to it.

Right Hon. R. B. BENNETT (Prime Minister): It might not be necessary to in-

troduce other than a very formal half dozen words. It is hoped that that is all that may be necessary. I will be able, I trust, before the house rises this evening to let the hon. gentleman know.

PRIVILEGE—MR. MULLINS

On the orders of the day:

Mr. H. A. MULLINS (Marquette): Mr. Speaker, I rise to a question of privilege. The Toronto Globe of Wednesday, June 27, carries the following headline: "Nickle exposes Cook's Tour prison visit," and my name appears throughout the article. I wish to say that I was not conducted on a Cook's tour. I had my perfect freedom inside the walls of the penitentiary. Further I want to say the article suggests that I am related to General Ormond. I deny that I am in any way related to him, and I wish to make that denial on the floor of this house. The statement I made on the floor of the house when on a former occasion the hon. member for Winnipeg North Centre (Mr. Woodsworth) was speaking, in regard to dishes which were used, was and is absolutely correct.

MARKETING ACT

ORGANIZATION TO IMPROVE METHODS AND PRACTICES IN MARKETING NATURAL PRODUCTS—SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, perhaps with the consent of the house we might take up the Senate amendments to numbers 7 and 8 on the order paper, so as to expedite that business before proceeding with the Bank of Canada Act.

Mr. MACKENZIE KING: Does the right hon. gentleman mean Bills Nos. 92 and 93?

Mr. BENNETT: No, Bills Nos. 51 and 89. Bill No. 51 is the Marketing Act. The Senate took out the word "wheat" and we are declining to accept it. Then, they made some changes in Bill No. 89, to amend and consolidate the Excise Act, which I believe do not completely express the intention. We propose to send that back also. Will that be acceptable?

Mr. MACKENZIE KING: All right.

Mr. MOTHERWELL: What is the idea of removing wheat? I did not think it was going to be operative anyhow, but what harm was it going to do?

Mr. BENNETT: We are sending it back to the Senate to put wheat in.

Mr. MOTHERWELL: I beg pardon.

[Mr. Bennett.]

Mr. WOODSWORTH: Mr. Speaker, I am very sorry but we could not hear whether the proposal of the government was to retain wheat or not.

Mr. BENNETT: Yes, we are differing with the Senate and are asking that the bill be sent back to them.

Mr. MACKENZIE (Vancouver): Another election.

An hon. MEMBER: Dissolution again.

Mr. BENNETT: I am not unmindful of the fact that it was a reformed Senate.

Mr. MACKENZIE (Vancouver): We will see.

Hon. ROBERT WEIR (Minister of Agriculture) moved:

That a message be sent to the Senate to acquaint Their Honours that this house disagrees with their first and second amendments to the Bill, No. 51, an act to improve the methods and practices of marketing of natural products in Canada and in export trade, and to make further provision in connection therewith, for the following reasons:—

"Inasmuch as wheat producers should not be treated in a different way from other producers of farm products;

Also, the Natural Products Marketing Act does not conflict with the Canada Grain Act in the case of wheat, nor in the case of coarse grains which are included in the act, and to which no exception has been taken."

And that the clerk of the house do carry the said message to the Senate.

Mr. SPEAKER: Order No. 7 has not yet been called and therefore this motion presented by the Minister of Agriculture is premature.

Mr. BENNETT: He is making the motion now.

NON-CONCURRENCE IN SENATE AMENDMENTS

The house proceeded to consider amendments made by the Senate to Bill No. 51, an act to improve the methods and practices of marketing natural products in Canada and in export trade, and to make further provision in connection therewith.

Mr. WEIR (Melfort): I now move the motion which is in your hands, Mr. Speaker.

Mr. POULIOT: Just before the motion carries may I say how thankful I am to the other chamber for the opportunity which it is now giving to the hon. Minister of Agriculture to answer my question about the decrease in the home consumption of farm products.

Mr. MACKENZIE (Vancouver): I desire to support the motion of the minister. While not abating in one single particular the ob-

jections which were made from this side of the house to some of the clauses of Bill No. 51, if we are going to have a marketing bill my conviction is that wheat should be included in that bill.

Mr. LAPOINTE: I desire to urge the same thing. I am opposed to the bill, but if it is going to go on the statute books I think that wheat should be included as well as other farm products.

Motion agreed to.

EXCISE ACT AMENDMENT

NON-CONCURRENCE IN SENATE AMENDMENTS

Hon. R. C. MATTHEWS (Minister of National Revenue) moved:

That a message be sent to the Senate to acquaint Their Honours that this house disagrees with their amendments to Bill No. 89, an act to amend and consolidate the Excise Act, for the following reason, namely:

That the said amendments do not fully assure protection to the revenues of the crown.

And that the clerk of the house do carry the said message to the Senate.

He said: In making this motion, I would like to say that in my opinion the effect of the amendment made by the Senate would be to give to the owner, and not only to the owner but also to anyone who holds a mortgage, charge or lien upon a vehicle or thing seized as forfeit to the crown for a breach of this act the statutory right to have the forfeiture set aside in his favour. It may appear to be a hardship that an owner or lien holder should lose his property or his interest in a seized vehicle because the vehicle has been put to an illegal use by somebody else, but it has been found from long experience that in the enforcement of revenue laws and laws for the protection of public property it is necessary to have some such principle recognized. It is recognized in other acts of this parliament, for example, the Customs Act, the Fisheries Act, the Fisheries Protection Act, and the Opium and Narcotic Drugs Act. It is also, I am informed, the law in Great Britain and in most, if not all, of our own provinces. The remedy for hard cases is administrative remission which can always be arranged when it appears to be in the public interest. It is felt that the principle embodied in the proposed amendment should not be accepted by this house. It would be giving notice to all concerned that a vehicle owned by somebody else or subject to a lien can be used for illegal purposes with complete impunity.

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, despite all that the minister has said, if the vehicle of an innocent party happens to be used by a third party and a seizure is made of the vehicle the only way in which the owner can recover his property is through the leniency of the departmental officials themselves or by an action in the exchequer court, and my hon. friend the minister knows full well that the exchequer court sits very seldom in the outlying provinces. All that this amendment which has been made by the Senate does is to ensure that action may be taken in a superior court—

Mr. BENNETT: It is much more than that.

Mr. STEWART (Edmonton): Let me put it this way, that action may be taken in the courts of the province in which the seizure is made.

Mr. BENNETT: That is not the matter about which the difficulty arises at all.

Mr. STEWART (West Edmonton): Surely some protection should be given to an absolutely innocent party. From the statement of the minister himself, I gather that no attention is being paid to that matter.

Mr. BENNETT: Oh, yes.

Mr. STEWART (West Edmonton): I fail to discover it. I have a case in mind which happened in Saskatchewan. Before going away a father left explicit directions that his automobile should not be used by his son. In some way the son secured a key to the car and took it out. Along with some of his friends or with those who happened to go with him, a bottle of liquor was found in the car by the mounted police. This happened four years ago and up to date the father has not been able to recover possession of his car which is still in the hands of the department through the agency of the mounted police. Moreover, before he can take action in the exchequer court he must deposit $400. That court sits in the western provinces when there is business for it; there has been no sitting and there is not likely to be a sitting. All this has been permissible under the provisions of the Excise Act. While I am in sympathy with every facility being given to the officers of the department to take action, nevertheless there are cases of extreme hardship about which something could be done. As far as I am concerned, I do not see anything sinister in the proposal of the Senate to remedy this evil. It is an evil and it is most unfair. Surely the crown does not want to take undue advantage of a private citizen, and that is what is happening under the provisions of

these sections. After all, it is left pretty well to the local officer as to how he shall construe this matter. When a man in order to obtain property which is rightfully his and which has been wrongfully used against his will and consent has to refer to the procedure to which he must refer to-day, surely something is wrong and something should be done to remedy such a situation.

Right Hon. R. B. BENNETT (Prime Minister): Just a word in answer to what the hon. member for West Edmonton (Mr. Stewart) has said. It is hoped that by bringing the matter again to the attention of their honours in the Senate, certain difficulties will be overcome. The hon. gentleman's reference to the use of the courts of the province rather than the exchequer court is a matter to which no serious objection is made but the amendment as it stands is so at variance with all the principles that have hitherto governed in the consideration of matters of this kind. As we see it, an inducement is being offered to smugglers and those who violate the law. The principle which the Senate has asserted may be maintained but it would have to be strengthened by the addition of several subsections to the section as it stands.

I may say to the hon. gentleman that confiscation to the crown of instruments by which revenues have been defrauded is an amplification of the oldest principle which we have in our laws. In fact, it goes back to beyond the time when we had institutions at all. In our own country it is founded upon principles which were laid down in Holy Writ and in the early days of another dispensation. It is true that it is extremely difficult completely to differentiate between the innocent and guilty but it has been found in practice that unless the provision of forfeiture to the crown exists, those who disobey the law look upon perjury as a very simple thing when compared with the offence which they themselves have committed. According to judicial opinion, one of the greatest evils which this country now encounters is the prevalence of perjury. Those men who commit offences look upon perjury as a small matter when compared with the offence which they have committed. They are willing to commit perjury for the purpose of carrying through their nefarious actions. We have had striking illustrations of this in western Canada. There have been the most terrible cases in which I am convinced that human life has been sacrificed for greed and gain in connection with the administration of the liquor laws. There has been an endeavour made to impair and destroy the usefulness of our institutions by providing huge sums of money for elections and other purposes. This has been so apparent that we have to have the most stringent provisions in our laws in order to meet the situation. In these days of motor cars the situation is somewhat different. Many cases such as that mentioned by the hon. gentleman have been brought forward but where you have a father and son living in the same house and the car from the home of the father has been used for illegal purposes, the question of the forfeiture of the car has never been seriously in question until this moment. Innocency is not spelled merely by a father telling his son not to use his car. If the boy took the car and knew it was to be used for an illegal purpose, then the car becomes forfeited. One leading case we had concerned a new Cadillac car which was passing from Fernie to Montana and was forfeited. This happened in Alberta and the conviction was sustained by the privy council. I am not unwilling that there should be some modification of the statutes but as it now stands it is essential that some additional provisions be inserted in order to safeguard the public interests.

Hon. W. D. EULER (North Waterloo): Mr. Speaker, I regret I was not present during the whole of this discussion. I have some sympathy with what the hon. member for West Edmonton (Mr. Stewart) has said although I cannot go quite as far as he does, nor can I go quite as far as the provisions of the amendments proposed by the other house. I think the Prime Minister (Mr. Bennett) is quite right when he says that there must be very stringent regulations so far as smuggling is concerned. It is quite possible that if a provision was inserted in the present law whereby the rights of forfeiture were abrogated as far as the owner of an automobile or vehicle being used for smuggling, even in a small way, was concerned, that might be very much abused. From my own experience in the department I realize that there might be collusion and possibly perjury. Smugglers might be able to accomplish their purpose and yet make it appear as though they were innocent parties. This must be guarded against. While I have no desire to criticize the Department of National Revenue, a case like that mentioned by the hon. member for West Edmonton (Mr. Stewart) should not be held over for a period of four years. I think it would be possible by a conference between representatives of the Commons and the Senate to work out something whereby some of these abuses could be prevented.

While I am on my feet I should like to refer to another phase of this matter. I have in mind the using of an automobile in connection with the bringing in of a small quantity of cigarettes or a silk dress. Some person may be visiting Buffalo, Detroit or one of the other border cities and bring in a silk dress, a pair of shoes or two or three cartons of cigarettes. In the case of a woman, she may be wearing the shoes. I have always contended that while an automobile was being used in the smuggling operation, the automobile itself was not intended to be used for smuggling. It just happens to be the means of conveyance for bringing the person in from the United States and incidentally bringing in perhaps a carton of cigarettes, a bit of tobacco or something of that sort. In the past the department has not forfeited the vehicle in a case of this kind, although I suppose it had the power so to do under the law. That would be a most extreme application of the law. To-day—and it was the same during my incumbency—the penalty is as high as $50 or $25 on the proprietor of a vehicle being used perhaps by a passenger who might bring in one or two cartons of cigarettes. I always contended that this was an extreme application of the law, but it comes to this in the end, that the officers of that department at the border—and I think certainly at headquarters in Ottawa—should exercise a reasonable degree of common sense. That is practically what it comes to. You have to have a stringent provision in the law to provide for cases where severe action should be taken; but the minister or his deputy or the commissioner or officers at the border should be instructed to use some degree of what is usually called horse sense in the application of the law. It might be possible to frame some modification, by conference with the Senate, whereby the situation might be eased in those cases where there is no real intention to smuggle, and I would draw a very distinct difference in cases where people are bringing in goods to be sold again as compared with the man or woman bringing in some little article which they happened to have bought in Buffalo or Detroit or any other border city. I would commend to the government that they consider the possibility of making some slight modification which would relieve the situation and yet not prejudice the revenues in any large way.

Hon. PETER VENIOT (Gloucester): The suggestion that after an act has been passed instructions should be issued by the department to outside officials to exercise a certain degree of leniency or judgment is in my opinion very wrong. I have had ten years' experience in enforcing the excise laws, and if I had received word from the department under which I was working, after they had passed a law and placed it in my hands to be carried out, that I should exercise leniency, I would not have thanked the department for placing me in that position. I have had experience as a seizing officer and have done quite a bit of seizure work during my incumbency as collector of customs in New Brunswick, and very often it was quite a task for me, conscientiously speaking, to carry out the law as it stood; yet it had to be done. I could see that in the carrying out of that law great hardship was imposed upon some individuals, but I think there should be no difficulty in framing a clause of this act which would carry out the intention of the minister in his effort to prevent smuggling and at the same time to do justice in such a case as the one referred to by the hon. member for West Edmonton. In New Brunswick, under our provincial automobile laws, we have an easy method of tracing the owner or anyone who has had anything to do with a car that may be seized, because the owner cannot drive a car without first having his licence plate, his registration, and a certificate to the effect that he is owner of the car. In the next place, any member of the family who may drive that car without a certificate or authority from the Department of Public Works, indicating that he is certified to by the head of the family as one authorized by the owner of the car to drive it, is liable to punishment. Again, no one not the owner may drive a car unless he has a chauffeur's licence. I do not know what the law is in the other provinces, but by that means in New Brunswick the authorities can trace any car to the owner or any member of the family who has authority to drive it. If, as in this case, the man who took his father's car without consent had authority under the provincial law, with a certificate to drive the car, the father would be responsible. The case is a hard one and every means possible should be taken to protect the owner whose car has been taken without his consent, and to obviate the necessity of heavy legal expenses and in many instances long delays in proving ownership, as in this case. And what about a stolen car? My car is lying out in my garage at night and some individual comes along and steals it. It is an easy matter to steal a car even when it is locked, because those who know how to go about it have simply to push up a piece of wire into certain sections of the connecting links without using the key at all, so that a

car may be taken whether the person who steals it has the key or not. In this way a car might easily be stolen and used for smuggling purposes and I, the owner, knowing nothing about it, after the car has been used for smuggling and has been seized by the department, find myself without the use of that car. There should be some means whereby I can reclaim the car without having to go to heavy legal expense and without having to wait two or three years to recover the car.

Mr. MATTHEWS: If anything like that happens to my hon. friend he will have his car back immediately.

Mr. VENIOT: It may be all right for me, but some poor devils have to wait two or three years for it, and that is what I want to avoid. The trouble in the past has been in rectifying these errors and in trying to alleviate injury consequent upon a strict enforcement of the law by the officials. I say, however, stand by your officials when you place a law in their hands and ask them to exercise their judgment. Their judgment may be at fault, but, I say, always stand by the officials and find some means of rectifying any injustice done. That stand I take on behalf of the officials because I have been one myself and have had to suffer from a strict enforcement of laws of this kind, both in conscience and otherwise. I feel that anything the department can do to help the officials should be done. But instructions should not be issued to officials to use their judgment and leniency; when a law of this kind is placed in their hands the officials are supposed to exercise it to the letter.

Mr. G. W. McPHEE (Yorkton): I happen to be acquainted with the case referred to by the hon. member for West Edmonton (Mr. Stewart) and the facts are a little stronger even than he put them. The facts are these. On May 15, 1932, a certain gentleman who resides in the district I represent, the owner of an Essex sedan automobile, being obliged to go away for a week, left instructions with his wife that the son should not be allowed to use the car, and the ignition key was placed in her possession. When this man returned he learned that his son had taken the car on May 16, without permission, and notwithstanding that his mother had forbidden him to do so. On May 15, 1932, the son took the car at the request of a friend and went to Verigin. On arrival there, he met another friend who asked for a drive to Kamsack and the son allowed this friend to get into the front seat of the car. He was then requested by another man to give him a ride to Kamsack, which he agreed to do on that man agreeing to buy a gallon of gasoline. They then drove to a gasoline filling station. When this third man requested a drive to Kamsack, the son had no knowledge that he or anyone else in the car had any spirits or liquor of any kind and no arrangements were made that any liquor should be brought into the car by the third man or any other person and neither the son nor his friend first mentioned had any liquor on their persons or in the car. While the car was parked in front of the gasoline station a constable came along and searched the car. The third man who had a bottle of illicit liquor on him had hid it under the car where it was found, and the car was seized. That man has been without his car for three years; he has taken action in the exchequer court and has deposited $400 but that court will not meet in Saskatchewan until some time late this fall. If he has to wait until the exchequer court decides whether the car was illegally seized, he will be three years without the use of his car. I was wondering whether the Prime Minister in view of the statement just made about adopting equal jurisdiction of the superior court and the exchequer court in this matter would suggest another amendment that actions pending before the exchequer court have the privilege of being referred to the superior court.

Mr. BENNETT: Yes, I shall see that when the matter is being considered with the Senate that view will also be put forward.

Mr. McPHEE: I thank the right hon. gentleman.

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): Just one suggestion. It might be well to adopt the same practice as prevails in the United States where, I am told, their citizens are allowed to bring in goods from Canada to the value of around $100. Why not insert such a provision in our law?

Mr. BENNETT: Successive governments have looked into that and declined to do it for reasons that are clear; it would involve millions of dollars in revenue.

Mr. CASGRAIN: Make it $50.

Motion agreed to.

BANK OF CANADA

The house resumed from Wednesday, June 27, consideration of the motion of the Minister of Finance (Mr. Rhodes) for the third reading of Bill No. 19, to incorporate the Bank of Canada, and the proposed amendment thereto of Mr. Woodsworth.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, it is not my intention to enter into any lengthy discussion.

Mr. SPEAKER: The hon. member for Winnipeg North Centre (Mr. Woodsworth) proposed an amendment before the house adjourned last night. The motion is that the bill be read a third time. It was moved in amendment by Mr. Woodsworth:

That the bill be not now read a third time but that it be referred back to the committee of the whole with instructions that they have power to amend same so as to safeguard the sovereignty of parliament over Canada's financial policy.

I find that the amendment is out of order for this reason, that it is irrelevant. The sovereignty of parliament cannot be affected by the passage of a bill in this house. The sovereignty of parliament is created and defined by the British North America Act, section 91 of which states that it shall be lawful for the parliament of Canada to make laws in relation to all matters except those assigned to provincial legislatures and in the classes of subjects enumerated there are included "banking, incorporation of banks, and the issue of paper money." The sovereignty of parliament can be affected only by an amendment to the British North America Act. This amendment is therefore out of order.

Mr. H. E. SPENCER (Battle River): Mr. Speaker, the position taken in this corner of the house on financial reform is well known. We have for years past taken the stand that we should do everything possible to obtain a stable currency and credit system.

Mr. WOODSWORTH: Mr. Speaker, I think I had the floor when the house adjourned last night. With regard to the point of order it is not my intention to challenge the ruling of the Speaker. I feel that process only delays the house although I would point out that there is an open question before us as to whether the sovereignty of the house may not be destroyed, but I suppose ultimately that question could be settled only in the courts. It is, however, becoming apparent—

Mr. MACKENZIE KING: May I interrupt my hon. friend? He says "the sovereignty of the house." His resolution reads "the sovereignty of parliament." We are beginning to see that there is a difference between the two.

Mr. WOODSWORTH: I did not quite catch my right hon. friend's remark.

Mr. MACKENZIE KING: My hon. friend in speaking just now used the expression "the sovereignty of the house", but his amendment relates to the sovereignty of parliament, I agree with him that the sovereignty of this house is being affected materially by many measures which are being put through but the sovereignty of parliament will remain what it is.

Mr. WOODSWORTH: I am not going to go into this technical constitutional question. I believe the sovereignty of this house is not being safeguarded and also the sovereignty of parliament is not being safeguarded. There is, of course, a difference between the two. I shall go a little further and say that the sovereignty of the people of this country is not being safeguarded. But it seems to me it is not necessary to go into every little technical constitutional matter when one is discussing a general principle.

The house is being placed in a rather peculiar position by the decisions of the Speaker. It appears that no general resolution of this kind is permissible on third reading. It appears further that no definite amendment is permissible on the very general grounds that it might involve expenditure of money. Some of us would very definitely deny that the making of this institution a public bank would in any way interfere with His Majesty's revenues. I should have been delighted indeed to support the amendment as it was finally drafted by the hon. member for Vancouver Centre (Mr. Mackenzie). If, however, we are not going to have the opportunity of moving any amendments, I suppose we have to let the public know that and to leave the matter as it is.

In connection with this bill I may say that I have left the matter very largely to my colleagues who were members of the committee on banking and commerce but I should like to take this last opportunity of saying a few words in regard to the situation. Perhaps I should congratulate the leader of the opposition (Mr. Mackenzie King) on his growing recognition of the danger of the money power. I hope he is really recognizing that danger. As a matter of fact, I am afraid he is simply repeating some phrases. I am delighted, however, to have those phrases coming from him because this marks a very decided change of attitude. For years we in this corner have advocated a central bank, one publicly owned and controlled. I regret that we were not able to place our position definitely before the country by means of an amendment to the third reading of the bill.

On the second reading I spoke strongly in favour of public ownership and control. In-

deed I went so far as to say that I thought if the matter came to a vote I should have to vote against the measure. I still feel the same way. In setting up this Bank of Canada we have the opportunity to make it a public institution, and to extend the power of parliament into the realm of finance, but the government is determined that this course shall not be taken. I regret it exceedingly. It is true that certain amendments to the bill have been made in committee; I think these are all to the good, although I suggest that they are not fundamental and do not go far enough to alter the principle of the bill. I have listened to what the Prime Minister had to say but I have not been at all convinced. He pointed out the danger of political pressure; I would say there is much more danger of irresponsible class power. He speaks of appointing a sound governor. That means a man who can be trusted to carry out the behests and policies of the leaders of finance. The Prime Minister believes in having this governor practically independent of public opinion; I think that is a very dangerous proceeding. It is true that to a very large extent in the past the leaders of finance have been independent of public opinion, and I think that is the situation to-day. The trouble with this bill is that it frankly legalizes that situation. We are putting power that should belong to the sovereign people into the hands of private and irresponsible individuals. I quite recognize that the Prime Minister may not realize the danger of this situation. He himself has always moved with wealthy men—

Mr. BENNETT: No, he hasn't.

Mr. WOODSWORTH: In my judgment he has distinctly the class consciousness of wealthy people, he accepts their point of view and their policies. He is probably firmly convinced that these are in the interests of the country at large. Some of us must challenge that position. We believe that the interests of financial men are not the interests of the public at large. We believe that it is because the country has been at their mercy that we have got into the position that we are in to-day, and that it is only as a sovereign people can make its will effective that we can hope for any remedy of the present situation. I would suggest that the Prime Minister's argument goes altogether too far. If carried out his doctrine would undermine democratic government. If he cannot trust the people, does he think he can trust someone who is altogether removed from the control of the people, or even from the pressure of public opinion? I think too highly of the people themselves, of the ultimate good common sense of the people when their own welfare is really at stake and they are roused to actual conditions, to accept that viewpoint. The Prime Minister might as well proceed frankly to set up a dictatorship, not merely in the realm of finance but in parliament. If the people are not able to judge of financial matters, that is the fundamental principles in finance, I cannot see how they are able to judge of the fitness of individuals to represent them in parliament or the fitness of a government to maintain its administrative powers.

The Prime Minister speaks of the difficulties in making appointments. He says that consideration must be given to race, to religion, to residence, to political affiliations, to occupation and so on. I wonder if that argument does not carry him altogether too far. We have at the present time a very capable deputy minister of finance; I wonder whether questions of race and religion and occupation entered into the consideration when he was appointed. I hope not. I cannot see why they should enter any more into the appointment of a governor of the Bank of Canada. Had I time I might take the different departments, a number of them in charge of very capable deputy ministers. Does the Prime Minister mean to infer that questions of race and religion and political allegiance and so on were at the basis of the appointment of those men, and for that reason we cannot trust them? I think that is going altogether too far. It is a decided reflection upon people to-day in public office. If our politics have been corrupt in the past, if in the past there has been altogether too much political influence of the wrong kind, surely the way out is to give scope for political influence of a better kind, to have an educated public opinion exercising its influence; not to have whole areas of public business removed altogether from the control of the people.

It is a practical question for some of us as to how to vote when the amendments are at last disposed of. I frankly admit that in a matter of this kind one could justify a vote either in the affirmative or in the negative. I believe, as indicated by the amendment which I attempted to move, that this bill does not safeguard the sovereignty of this house or of parliament. On the other hand I suggest that finance is a realm in which the people have never had sovereignty. Finance has always been aside from and superior to parliament. I think it has always dominated parliament. Theoretically parliament has been supreme, but in practice the financial kings have always dominated the

political kings. There is no doubt whatever in my mind as to that. So, since we never have had sovereignty, I suppose we are none the worse off because this bill does not give us sovereignty. In the past we have often had conflicts between church and state, it is needless to enter into that question to-day. Now we have reached the conclusion that there is a realm in which the church is sovereign, and another realm in which the state is sovereign. In Japan, I believe, it has always been conceded that the state as constituted was never supreme over the military autocracy. The military class have been quite independent of the representative institutions of the country. There is something parallel to that in our attitude towards financial affairs. The representatives of the people through the centuries have gradually acquired power over certain realms of our life, but over the financial realm, which is so important, so vital, they have no power whatever. I would say that some of these days we will simply have to challenge the position of the financial interests or they will completely dominate our public life. That dominance undoubtedly has not been challenged in the bill before us.

Then, perhaps there is another consideration which may come in. Personally I am not anxious to give the present government too much authority. It is possibly quite true that the governor of a bank may be trusted just about as much as the present government in connection with the administration of financial affairs. I do not know that there would be much difference in policy. However, that ought not to affect one's decision in a matter of this kind. We hope that some of these days there will be in authority a government which will be in a better position to administer the financial affairs of the country.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: Needless to say I am not referring to my friends to the right. Looking over the bill with some care and studying the general situation I do believe that this measure marks an advance on anything we have had in the past. It is by no means one hundred per cent perfect, it leaves much to be desired, and it does not safeguard the interests of the public as I think they should be safeguarded. Nevertheless it does seem to me to be a piece of necessary machinery, and as such, an advance over the old arrangements we had under the Bank Act and the Finance Act. I would further suggest that under a more advanced government it may be used in the interests of the people. Certain amendments can be made, and I hope if my Liberal friends become the government party they will proceed to make amendments through which—

Mr. LAPOINTE: I expect they will.

Mr. WOODSWORTH: Yes, I know that is expected. I hope they will proceed to make amendments so that the Bank of Canada will be both publicly owned and controlled.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: I am glad to hear my Liberal friends applaud that statement. I should like to have had their position definitely placed upon Hansard in the form of an amendment, and I am glad to have their applause and approval. If when we come to the next parliament they are the government party I will warn them that we are going to hold them strictly to that position, namely, that they will proceed to amend this act so that we shall have a publicly owned and controlled bank.

Mr. GOTT: They think they are in office now.

Mr. CASGRAIN: Very near.

An hon. MEMBER: You will forget all about it in another year.

Mr. WOODSWORTH: Some hon. member suggests they will forget all about it. I am afraid that the financial power which is now denounced will prove a little bit too strong.

Mr. GOTT: Half of them will not come back.

Mr. CASGRAIN: You won't.

Mr. WOODSWORTH: However, we can leave that to the future. In the meantime I wish to say, since we have no opportunity to state it formally, that we stand definitely and emphaticaly for public ownership and control of the central bank. That taken for granted, I am inclined to think that this measure marks an advance beyond anything we have had in the past, and for that reason, on third reading I shall vote in favour of the measure.

Mr. H. E. SPENCER (Battle River): Mr. Speaker, when I rose to speak a few moments ago I did not know the hon. member for Winnipeg North Centre (Mr. Woodsworth) had the floor. Needless to say I willingly gave way to him. For many years hon. members in this corner of the house have supported a stable currency and credit system. When we look back to the period between 1926 and 1929 and realize that during that

time no less than $635,000,000 of new money was put into the money flow of this country, one appreciates that not only was trade improving, but in the event of a sudden reaction things would be very bad indeed. Then we find that in the deflation period between 1929 and 1933 there was no less than $704,000,000 written out of existence. One has to appreciate that that is one of the real reasons why we have had such a drop in prices. It is because we are up against these great differences, and these extremes of inflation and deflation that hon. members in this corner of the chamber have consistently advocated a stable currency and credit system. We have also taken the stand, as the records as far back as 1923 will show, that we believe our money system should be based on goods and services, and not upon gold. That being so we have consistently fought the idea that we should be handicapped for the sake of not having what some people think is a sufficient gold basis on which to base our monetary system.

I should like also to remind the house that we have not made proper use of our national credit. While from year to year, with our possibilities for production, we have become richer, we have actually curtailed national improvements. When we found it advisable to construct public works of different descriptions we should have been in a position to use our national credit. Only a few years ago the amount of $50,000,000 was struck out of the estimates for public works, having in mind the idea that such a saving would be one of the solutions towards bringing back prosperity. To-day I am very pleased to find that the government has realized it can make use of the national credit, and in the legislation proposed last week by the Prime Minister on behalf of the Minister of Finance we find we are going to have the sum of $40,000,000 put into public works of different kinds, without any interest cost to the nation. I claim that procedure should have been adopted years ago. The Prime Minister admits he could use $100,000,000 in that way. I take the stand that wherever there is a public work to be done, one which is needed for the public benefit, it should be done without interest charge. I contend, further, that so long as there are public works needed we should not have a pair of idle hands in the country. Such action would have the effect of cutting down the debt burden of our country, because up to the present time we have entered upon public works programs through the medium of creating debt, and such debt is creating one of the greatest burdens we have to face.

[Mr. Spencer.]

Believing along the lines I have indicated I take this opportunity of moving, seconded by Mr. Coote:

That the bill be not now read a third time but that it be referred back to the committee of the whole with instructions that they have power to amend so as to provide a stable currency and credit system based on goods and services, limited only to the needs of industry and social services and not by gold; to make available the national credit at cost for governmental services, and so lighten the terrific burden of debt.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I think the amendment is out of order. The only point that I think the hon. member for Battle River (Mr. Spencer) has overlooked is this, that you may amend the third reading of a bill by moving that it be not now read a third time, or you may vote against the bill being read a third time, which negatives the motion and precludes it being brought up again the same session, and lastly, if you do undertake to send the bill back to a committee to be amended it must be specifically indicated in the amendment what it is proposed to do in the way of a new or amended section. I think the hon. gentleman will agree when he has read over his amendment that he has covered everything that could well be thought of but that he has not indicated just what amendment might be made for the purpose of enabling a committee to pass upon it. In other words, the committee has to go to work and draft a new bill. Now that is not the purpose of a third reading amendment.

Mr. POWER: It is easy. Appoint Mr. Gerry McGeer as governor of the bank.

Mr. BENNETT: It is out of gear—whether it is McGeer or not I cannot say. At any rate I think the hon. gentleman will agree that this proposal if accepted by the house would impose upon the committee the duty of sitting down and trying to draft a bill, whereas the purpose of a third reading amendment with respect to the matters I have referred to would be to indicate what the amendment should be that was to be inserted in the bill or the amendment that is to be made to bring the bill into accordance with the provisions of the suggested amendment.

Mr. SPEAKER: I think the objection taken by the Prime Minister is well grounded. This document does not profess to be an amendment to the legislation. It does not deal with the bill before the house and it gives no intelligible instructions to a committee.

Mr. SPENCER: Speaking to the point of order, Mr. Speaker, when I sat in my seat and heard four other amendments ruled out of order, each one drawn in a different way with the object of trying to get a vote of this house upon it, I rather anticipated that mine would meet with the same fate. I am not going to question your ruling, Mr. Speaker. I am only sorry that we cannot find an amendment that is acceptable to both sides of this house.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, with many of the arguments of my hon. friend from Winnipeg North Centre (Mr. Woodsworth) as to the sovereignty of the House of Commons and parliament I would heartily agree, but when he attempted to deliver a lecture to hon. gentlemen on this side of the house, coupled with his arguments, I would remind him that perhaps if we had had his cooperation and that of his group on other measures which have passed the house this session, and which were just as much against the sovereignty of parliament and the House of Commons, we might have achieved better success. May I refer particularly to the peace, order and good government clause in the Unemployment Relief Act? I admit that my hon. friend voted with us on that but he had a very limited influence with his group because apart from the member for Vancouver South (Mr. MacInnis) they all voted with the government and against the sovereignty of parliament and the House of Commons.

I think my hon. friend himself and all the other members of his group also voted against the amendments which were proposed from this side of the house to the marketing bill with regard to the sovereignty of parliament. I do not want to blame my hon. friend but I think he might refrain from delivering lectures to us in that respect.

But I rose particularly to say a word about section 24 of this bill and the amendment I moved in committee of the whole to that section. The government then took the amazing attitude that they would stand or fall by their proposals with regard to the issuing of notes, that they would resign if a majority of the house would consider it better that the notes of the Bank of Canada should bear English and French words instead of the notes being issued in two sets, one in English and one in French. Following that intimation the committee gave a decisive vote against my amendment. I do not propose to offer it again because that would merely give another opportunity to say that I was acting from political motives.

But I think I owe it to the principles I have upheld and to myself to say a word in answer to what I believe were the uncalled-for insinuations of the Prime Minister in his speech in answer to me. How he could say that I was violating the constitution I am at a loss to understand. He himself said that he stood for equality. That was the purpose of my amendment; that was the principle on which it was based.

How he could say, further, that I and those who think as I do were trying to coerce or dominate the majority is still more fantastic. I took the trouble to say that I was pleading with the majority in order that they might be persuaded that the mode that I was offering was preferable to the other. Was that coercion? Was that a dominating spirit? Why should not the matter be discussed without diverting the discussion in another direction? And, Mr. Speaker, I think nobody has a right to describe me anywhere as being unreasonable and a sort of firebrand. I have tried all my life to preach Canadian unity and Canadian brotherhood in Canada, in all the provinces and in both languages, and if Providence gives me strength I propose to do so during the remaining years of my life. I repeat, why should not this matter be discussed without the use of abusive and threatening language?

Let me only say this in conclusion. Canada will continue growing and developing along sound Canadian lines. Canada and Canadians are bigger and better and more lovable than some of those who assume sometimes to speak for them. When both the Prime Minister and myself have disappeared the principles of good will upon which Canada has been built will continue to be upheld, and I hope will continue to be accepted by Canadians, and the country will advance along sound national lines.

The house divided on the main motion (Mr. Bennett) which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park)	Bowman
Anderson (Halton)	Boyes
Arsenault	Bury
Arthurs	Cahan
Barber	Cantley
Baribeau	Carmichael
Barrette	Chaplin
Beaubier	Charters
Belec	Cowan (Long Lake)
Bell (St. John-Albert)	Dorion
Bennett	Dupré
Bourgeois	Duranleau
Bowen	Edwards
	Fraser (Cariboo)

Gagnon
Ganong
Gardiner
Geary
Gobeil
Guthrie
Hackett
Hanson (York-Sunbury)
Harris
Hay
Irvine
Johnstone
Kennedy (Peace River)
Kennedy (Winnipeg South Centre)
Larue
Laurin
Loucks
Lucas
Luchkovich
Macdonald (Kings)
Macdougall
MacInnis
MacLaren
MacMillan (Saskatoon)
MacNicol
McDade
McGibbon
McGillis
McGregor
McLure
Matthews
Moore (Chateauguay-Huntingdon)
Murphy
Peck
Perley (Qu'Appelle)
Pickel
Plunkett
Porteous
Price
Quinn
Ross
Rowe
Ryerson
Sauvé
Senn
Shaver
Simpson (Simcoe North)
Simpson (Algoma West)
Speakman
Spence
Spencer
Sproule
Stanley
Stewart (Leeds)
Stewart (Lethbridge)
Stinson
Stirling
Stitt (Nelson)
Stitt (Selkirk)
Sullivan
Sutherland
Swanston
Tétreault
Thompson (Simcoe East)
Thompson (Lanark)
Tummon
Turnbull
White (Mount Royal)
Willis
Woodsworth—97.

NAYS

Messrs:

Ahearn
Beaubien
Blair
Boucher
Boulanger
Brasset
Brown
Cardin
Casgrain
Coote
Denis
Deslauriers
Donnelly
Dubois
Dupuis
Elliott
Factor
Ferland
Fiset, Sir Eugène
Fontaine
Fournier
Fraser (Northumberland, O.)
Garland (Bow River)
Hall
Hanson (Skeena)
Jacobs
Jean
King, Mackenzie
Lacroix
Lapointe
Mackenzie (Vancouver Centre)
Macphail, Miss
McIntosh
McKenzie (Assiniboia)
McPhee
Mercier (Laurier-Outremont)
Michaud
Mitchell
Moore (Ontario)
Munn
Perras
Power
Reid
Rennie
Rinfret
Roberge
St-Père
Sanderson
Séguin
Stewart (Edmonton West)
Taylor
Thauvette
Totzke
Veniot
Verville
Weir (Macdonald)—56.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Baker
Bell (Hamilton)
Bell (St. Antoine)
Beynon
Black (Halifax)
Burns
Casselman
Cotnam
Cowan (Port Arthur)
Dickie
Duguay
Embury
Esling
Fortin
Garland (Carleton)
Gott
Jones
Laflèche
Lawson
MacDonald (Cape Breton)
Maloney
Manion
Morand
Mullins
Nicholson
Perley, Sir George
Pettit
Rhodes
Robinson
Rogers
Short
Smith (Cumberland)
Smoke
Spotton
Stevens
Weir (Melfort)
White (London)
Wilson
Wright
Bertrand
Mercier (St. Henri)
Raymond
Euler
Dubuc
Butcher
Howard
Hurtubise
Ilsley
Neill
Dumaine
Bothwell
Hanbury
Fafard
Goulet
Rutherford
MacLean
Girouard
Gray
Urquhart
Young
Chevrier
Parent
Howden
Bradette
Marcil
Bouchard
Ralston
Desrochers
Heaps
Heenan
Duff
Pouliot
MacMillan (Mackenzie)
Malcolm
Motherwell
Gershaw
Vallance
Golding.

Mr. BUTCHER: I was paired with the hon. member for Portage la Prairie (Mr. Burns). Had I voted, I would have voted against the third reading.

Mr. SPOTTON: I was paired with the hon. member for Mackenzie (Mr. MacMillan). Had I voted, I would have voted for the motion.

Mr. WEIR (Melfort): I was paired with the hon. member for Melville (Mr. Motherwell). Had I voted, I would have voted for the motion.

Mr. SMITH (Cumberland): I was paired with the hon. member for Antigonish-Guysborough (Mr. Duff). Had I voted, I would have voted for the third reading.

Mr. MULLINS: I was paired with the hon. member for St. Boniface (Mr. Howden). Had I voted, I would have voted for the motion.

Mr. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted, I would have voted against the motion.

Mr. SMOKE: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted, I would have voted for the motion.

Mr. BERTRAND: I was paired with the hon. member for Toronto Northeast (Mr. Baker). Had I voted, I would have voted for the motion.

Mr. STEVENS: I was paired with the hon. member for North Bruce (Mr. Malcolm). Had I voted, I would have voted for the motion.

Mr. VALLANCE: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted, I would have voted against the motion.

Mr. MacLEAN: I was paired with the hon. member for Royal (Mr. Jones). Had I voted, I would have voted against the motion.

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

Mr. GOTT: I was paired with the hon. member for Kent (Mr. Rutherford). Had I voted, I would have voted for the motion.

Mr. COTNAM: I was paired with the hon. member for Nipissing (Mr. Hurtubise). Had I voted, I would have voted for the motion.

Mr. MALONEY: I was paired with the hon. member for Weyburn (Mr. Young). Had I voted, I would have voted for the motion.

Mr. EULER: I was paired with the hon. member for Moose Jaw (Mr. Beynon). Had I voted, I would have voted against the motion.

Mr. GARLAND (Carleton): I was paired with the hon. member for Russell (Mr. Goulet). Had I voted, I would have voted for the motion.

Mr. DUGUAY (Translation): I was paired with the hon. member for Bagot (Mr. Dumaine). Had I voted I would have voted for the motion.

Mr. LAFLECHE (Translation): I was paired with the hon. member for Drummond-Arthabaska (Mr. Girouard). Had I voted I would have voted for the motion.

Mr. PARENT (Translation): I was paired with the hon. member for East Essex (Mr. Morand). Had I voted I would have voted against the motion.

Mr. FAFARD (Translation): I was paired with the hon. member for Levis (Mr. Fortin). Had I voted I would have voted against the motion.

Mr. BRADETTE (Translation): I was paired with the hon. member for Algoma East (Mr. Nicholson). Had I voted I would have voted against the motion.

Mr. MACKENZIE KING: On a question of privilege, may I call the attention of the Prime Minister to an unintentional omission. No motion has been made that the bill be passed and that the title be as on the order paper.

Mr. BENNETT: I thank the right hon. gentleman. The motion that the bill be read the third time was declared carried, but the further proceedings, the motion that it be now passed and that the title be as on the order paper, have not been followed. May that motion be put, Mr. Speaker?

Mr. SPEAKER: Mr. Bennett moves, seconded by Mr. Guthrie, that Bill No. 19 be now passed and that the title be as on the order paper. Is it the pleasure of the house to adopt the motion?

Mr. MACKENZIE KING: On division.

Motion agreed to and bill read the third time and passed.

FOOD AND DRUGS ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. MURRAY MacLAREN (Minister of Pensions and National Health) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 70, to amend the Food and Drugs Act.

Mr. BENNETT: The only amendment made by the Senate was to strike out the word "company," inasmuch as, under the Interpretation Act, the word "person" covers "company" and there is no necessity for the latter word.

Motion agreed to; amendments read the second time and concurred in.

BUSINESS OF THE HOUSE

Mr. BENNETT: I will not take until after lunch Nos. 10 and 11, in order that the Department of Justice may look into them. No particular changes have been made in these two bills except in the form in which they are expressed, and they will stand until after lunch.

Mr. LAPOINTE: I have looked at these amendments and I find that there is a difference only in phraseology.

Mr. BENNETT: That is exactly as I see it. I desire to make some inquiries during the luncheon hour to find out why they were put in the form they are in.

LOAN COMPANIES ACT AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 123, to amend the Loan Companies Act.

He said: This bill endeavours to provide, so far as this parliament can, that the corporate powers of companies shall not be exercised where the rates of interest are larger than those they are entitled to exact by their act of incorporation. It has a retroactive effect because it applies to all companies heretofore as well as hereafter incorporated and leaves to parliament the right to decide what the maximum that may be charged shall be; and a charge in excess of that rate would result in the forfeiture by the company of its powers, there being undoubted jurisdiction in this parliament to provide that, as a condition of granting corporate existence to any group of men, it shall also follow that if they depart from the conditions imposed as to rates they may charge, forfeiture of their corporate powers shall ensue. With respect to provincial companies, that difficulty would be overcome, except to this extent, that so far as we have power, and of course we have considerable in the way of affording them recognition or dealing with them as such, they would forfeit any rights to protection from the dominion.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I regret very much that the legislation which is embodied in Bill No. 123 does not go further than it does.

Mr. BENNETT: How far does the hon. member want it to go?

Mr. MACKENZIE (Vancouver): I commend it as far as it goes but my submission to the minister is that it does not remedy the evils that are alleged to exist in regard to loan companies that are now carrying on; the exorbitant rates of interest which have been charged according to the terms of their charters can under this legislation still be charged. This bill says only that if they do exceed the powers given to them in the various charters they have received from parliament at different times, those charters may be forfeited. But I regret very much the adminstration in conjunction with the superintendent of insurance were not able to fix a certain specific rate beyond which those loan companies could not go and which would apply to both those that are asking for charters this session and those that have received charters in years gone by. If not this year certainly at a later date parliament must face the situation and fix a definite maximum rate of interest beyond which those loan companies cannot go. This legislation, in my humble judgment, is practically innocuous because under their charters those loan companies can make exorbitant charges and they can still do so even after we pass Bill No. 123.

Mr. H. E. SPENCER (Battle River): Mr. Speaker, I wish to support the suggestion made by the hon. member for Vancouver Centre (Mr. Mackenzie). The bill before the house is a great disappointment in relation to what we expected. There is in it nothing that specifies what the loan companies are allowed to charge. When I brought the matter up on a bill that came from the Senate some weeks ago and suggested that they should not be allowed to charge more than 13 per cent, the Prime Minister proposed that the bill be sent back to the committee on banking and commerce where it might be possible to make the charge even less than I had suggested. This has not been done and so far as I can see the loan companies can go ahead charging most exorbitant rates. The rates given us the other day by the superintendent of insurance for a loan of $100 for twelve months ran as high, including expenses, as 49 per cent and for a $50 loan for twelve months the total charges and interest came as high as 94 per cent. We should do something definite in this house to stop this sort of thing. I am certainly against letting this bill go through as it stands.

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, it would be impossible to have jurisdiction over provincial charters—

Mr. BENNETT: That is the point.

Mr. STEWART (Edmonton):—and nearly all the offenders are operating under provincial charters so that, frankly, I cannot see how this bill can be of very much service because the main offenders get their charters from the provincial authorities and of course the federal authority is powerless to reach such companies. If the bill goes through some definite maximum rate of interest should be fixed.

Mr. G. G. COOTE (Macleod): There are on the order paper now, I think, three bills establishing small loan companies which by their charters are given very wide powers. The hon. member for Battle River (Mr. Spencer) has already said that the superintendent of insurance in addressing the committee on banking and commerce in regard to these bills showed that in some cases those loan companies could charge over 90 per cent, that being the total interest and service charges which they could make. He said that in practically all cases if they made the very maximum charges which they were allowed under their charter, those charges would amount in the case of small loans to over 90 per cent. When one of these bills was called some time ago the Prime Minister, as I remember, intimated that the government would consider introducing legislation which would limit those companies in the loans they could make, to an interest rate of not more than 13 per cent.

Mr. BENNETT: That figure was mentioned by the hon. member for Battle River.

Mr. COOTE: The superintendent of insurance stated that in his opinion a maximum of two per cent per month was all that should be allowed to those companies, and that two per cent should include interest and all other charges except any charge actually paid out for registration.

Mr. McGIBBON: That was on the unpaid balance.

Mr. COOTE: That was on the money actually received.

Mr. BENNETT: Perhaps I can help the hon. gentleman as to that. The difficulty with it is that with respect to the charges the matter is governed by the authority of each province. We have jurisdiction only with regard to interest. I am prepared to add to the present bill a provision that the interest rate shall not exceed 12 per cent.

Mr. COOTE: I am sorry I have not one of the bills before me but there is in both of the measures that are now on the order paper a clause which allows the company to make a service charge of $10 in the case of each loan; that is in addition to a rate of seven per cent and another rate of two per cent. The service charge of $10 is to cover a variety of costs or charges which the company might naturally incur; it is supposed to cover actual disbursement. The companies do practically all of this clerical work in their own offices and by their own employees, and yet they make this $10 charge. The two per cent they are allowed to charge in addition to the seven per cent is, I believe, really intended to cover that service charge and in many cases no $10 charge should be allowed. It would be quite within the rights of parliament to insert in this bill or to have inserted in each one of the bills that are before us a provision to the effect that the total charge that loan companies can make for either interest or other charges shall not exceed two per cent per month.

Mr. BENNETT: That is too much.

Mr. COOTE: If they cannot operate on a total charge of two per cent per month they should not make the loan and parliament should not be granting them charters to enable them to carry on business where they can make exorbitant charges.

Mr. BENNETT: I am willing to add such a provision to the bill but I shall point out when we come to it the difficulty from a legal standpoint. I think the rate suggested is too high.

Mr. COOTE: With that understanding I shall not delay the second reading and perhaps when we go into committee the amendment which has already been suggested may be considered there.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. MacDonald (Cape Breton) in the chair.

On section 1—Company defined.

Mr. SPENCER: What is the maximum now?

Mr. BENNETT: This bill came in this form from the committee, so what my personal views are need not be stated. But I am prepared to accept and add to this bill a provision as a condition of the exercising of the powers granted by parliament, that hereafter no company's charges shall exceed for all purposes two per cent per month. For the purpose of having that put into proper shape; I move that the committee rise, report progress and ask leave to sit again this day.

Motion agreed to.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

PUBLIC WORKS CONSTRUCTION ACT

The house resumed from Tuesday, June 26, consideration of the motion of Mr. Stewart (Leeds) for the second reading of Bill No. 113, to provide for the construction and improvement of certain public works and undertakings throughout Canada.

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): Mr. Speaker, this bill has for its purpose the construction and betterment of certain public works enterprises throughout the dominion. With the title of the bill hon. members on this side of the house can be in accord, because it expresses a worthy purpose. However, if we look into the details and examine the schedules we find that it is designed more to meet the ends of the government of the day and might be described as a bill to advance Tory interests in this country. It is intended to be put into force in order to help the government in the next general election. It is intended, through the bill, to relieve unemployment and, to a certain extent, it is called an unemployment relief measure. If in the speeches delivered some time ago by the Minister of Finance (Mr. Rhodes), and by the Prime Minister (Mr. Bennett) who, during the course of his several addresses in the country and to this house has told us that unemployment is past, that we are on the upgrade, and that things are getting better, we were given the facts, then apparently this program would not be needed.

Mr. BENNETT: The hon. gentleman will have to withdraw that statement. At no time did I say that unemployment was past.

Mr. CASGRAIN: Well, if the Prime Minister states that he did not say unemployment was past certainly he indicated to the country that unemployment was on the downgrade.

Mr. BENNETT: I ask the hon. gentleman to withdraw that statement.

Mr. CASGRAIN: I will withdraw it. But after the utterances by members of the government and by the Prime Minister himself I think I am safe in saying we were given to understand that the worst is over, that unemployment is on the downgrade, that business generally is going on in greater proportions, and that we may expect a return to greater activity very soon.

Some hon. MEMBERS: Hear, hear.

Mr. CASGRAIN: If these statements are true, and if the government states they are true, then the country can stand on its own

feet, and I do not think these public works would be necessary in all places. I do not say that some of the works in the bill are not necessary; on the contrary some of them were needed four years ago. Some were needed as far back as ten years ago, but for some reason or another the government of the day could not proceed with all the works and undertakings, and little by little they carried them out as far as they could.

May I point out that in the years 1929, 1930 and since requests were made to the Department of Public Works and to the government by the constituency of Charlevoix-Saguenay for certain works which were absolutely necessary. I hold in my hand a copy of the votes and proceedings of this house for May 17, 1933, in which I find certain questions credited to me. These questions were asked regarding certain works at Pentecote River, Aux Coudres Island, Mutton Bay, Moisie, Magpie, Longue Pointe du Mingan, Harrington Harbour, Hamilton Cove on the Portneuf river, Dolbeau, Betsiamites, Beaupre, Richers Bay, Petites Bergeronnes, Point-au-Boisvert, Point Lebel, Port-au-Persil, Port-au-Saumon, Riviere-aux-Vases, River Blondelle, St-Anne de Beaupre, a retaining wall on the St-Jean river, work on the St-Margaret river, a wharf at St-Irenee, the building of a post office at Pointe-au-Pic and works at St-Simeon, Sept-Iles, Sheldrake, Baie St-Paul and Petite Riviere St-Francois.

All these works I have just mentioned are absolutely necessary now, and were necessary in 1930, 1931, 1932 and 1933. As a matter of fact, in the schedule appended to this bill there is an item of $156,000 for a wharf extension at Pointe-au-Pic in the county of Charlevoix. I am pleased that this amount has been provided for the work at that place. In the year 1930 the previous government had appropriated the sum of $125,000 to proceed with the construction of work necessary at that place, a work which had been recommended by the officers, engineers and technicians of the Department of Public Works. If those moneys had been spent they would have given a great deal of work to the unemployed people in the vicinity of Murray Bay, where there is a large pulp and paper mill and where, for the last three years, the people have been out of employment.

I say this bill is just four years too late. The works mentioned in the schedule to the bill should have been proceeded with in the years 1930, 1931 and 1932, when there was more unemployment and more need for assistance than obtains at the present time. The work

at Pointe-au-Pic which I have just mentioned was recommended in the year 1930. Demands have been made by public bodies, municipalities and corporations interested in the various districts needing public works, and there are on the government files reports to the effect that the works are necessary.

Just to illustrate my point may I say that only this morning I received a letter from the president of the Clarke Steamship Company Limited, drawing my attention to the condition of the wharf at Havre St. Pierre, and he has asked me to urge upon the government the necessity for spending some money to do necessary and urgent repairs at that place. The letter, addressed to me, is as follows:

> I have your letter of the 8th instant, regarding Havre St. Pierre wharf, which I had on my return from Newfoundland.
>
> I have had another report since writing you regarding this wharf, and I cannot urge too strongly to press the government in this matter, as if something is not done immediately, I am afraid this whole wharf will go out, and it is very dangerous at present; it is also a danger to anybody going over the wharf in its present state.
>
> I would appreciate it if you would again follow this matter up with Mr. Stewart.

And the letter is signed by the president. A few days ago I wrote the minister drawing his attention to the condition of the wharf at a place called Mille Vaches. The wharf at that point was in a bad state of repair. The people in that vicinity have to use it in the export of pulpwood and other materials.

The minister in introducing the bill stated that the government was proceeding with a public works program to take the place of the dole. Those may not have been his exact words, but I believe I have expressed his meaning. We are glad to hear that the dole will pass away, and that to a certain extent we are going to give work to our own good Canadian labourers. I appreciate that fact. I must subscribe, however, to the statements made by the hon. member for St. James (Mr. Rinfret) to the effect that the present program will not entirely relieve the state of unemployment, that it will be necessary for the government to do some work along the lines followed previously, and that at least to some extent it will have to carry on the dole in order to save people from starvation. We know that these works will not be proceeded with before the end of the fall, or possibly next year. The minister stated that approval of the program was general. That may be so on the government side of the house, because hon. members may have noticed that about $7,000,000 are to be spent in Tory constituencies and only a little over $2,000,000 in Liberal constituencies in the province of Quebec. The minister stated that because of recent storms it was necessary to do a great deal of work in the maritime provinces and along the Atlantic coast. May I say to him that in the constituency of Charlevoix-Saguenay, along the Canadian Labrador coast and the north shore, and other places, there are plenty of works needed. All these places are in need of works. Many works have been dismantled recently and the government has no reason, simply because they are doing some work on the Atlantic coast to pretend that they are meeting the wishes of the country at large.

I come now, Mr. Speaker, to some of the points that were made the other day by the hon. Minister of Marine (Mr. Duranleau). He said that not all that was intended to be done was included in the schedule of this bill, and he drew the attention of the house to an amount of $2,500,000 under harbours and rivers, and to another large amount for public buildings, and said that money could be drawn out of those two votes for public works and relief. I protest, Mr. Speaker, against that way of doing business. If there are certain works that are going to be done, and the money is going to be taken out of those two large votes for works in this province or in that, I say that the house and the country has a right to know what works these are, where they are going to be done, and who is going to be benefited by them. I am afraid if we allow the government to go on with that kind of program and appropriate as large an amount as they like for harbours and rivers and public buildings generally, we shall find when we get nearer to the election that only those constituencies will be in need of public works where it will promote the interests of the government to spend public money. It means that we are simply giving the government another blank cheque as we have been forced to vote them others both this year and in the other years since this government has been in power.

The Minister of Marine also stated that the government has had in view the task of finding out the works that were the most urgent and that would give the most employment to the largest number of people. Looking over the items in the schedule we find, as the hon. member for Vancouver Centre (Mr. Mackenzie) has mentioned, that a lot of them may give employment to big corporations and certain kinds of engineering firms, but the hard-working common labourer will not get his fair share of many of these

items. I think it is our duty to make the government aware of these facts and to urge them to make sure that in carrying on these works the greatest amount of work will be given to the ordinary working men.

The Minister of Marine also stated the other day that the government ever since they have been in power have done their duty by the city of Montreal, that they have worked for the interests of Montreal, and seen to it that all those who did not have work did not suffer hardships but were taken care of. If what the Minister of Marine has said is true, how is it that in the city of Montreal at any time within the last six months or within the past year no man can walk along Notre Dame street, St. James street, or anywhere along St. Catherine street, on his way from his office to the upper part of the city without being stopped by half a dozen passers-by, real, honest, good Canadians, asking for five or ten cents or a quarter to get a meal or shelter for the night. If the government had really done their duty, if they had done what they claim to have done, and these people had been receiving sustenance, conditions would not have been such that so many people would have had to ask for charity on the streets.

The hon. member for West Middlesex (Mr. Elliott) has mentioned his objection to clauses 5 and 6 of this bill. I also object to these clauses, Mr. Speaker. I think that too great powers are given by this bill to some of the ministers to control the spending of these moneys. The government should have asked parliament for these moneys in the ordinary way by bringing down a supply bill, and it should have made a condition that on these works local labour would be employed and Canadian material used; that contracts would be given not only to big corporations but to small firms; provision should also have been made for including the six hour day and a fair wage clause in the contracts, and for the awarding of contracts to Canadian companies. The government should not award contracts simply on the basis of promoting the interests of a few friends and promoting their own interests at election time.

I am not against the principle of this bill, Mr. Speaker, as I have already said, but I see danger because the government wants to arrogate to itself the right of distributing the moneys to be expended among its own friends, and while claiming that the expenditures are for the benefit of the people, expending the money really with the object of bringing the government back into power. The government I say has not the right to bring down such a bill because it has lost the confidence of the people of this country. This government through its friends in Saskatchewan and Ontario has suffered two disastrous defeats recently, and a moribund government such as this has no right to ask the people of this country through its representatives in parliament to vote huge sums of money to be expended only for the benefit of the people who sit to your right, Mr. Speaker.

Mr. MAURICE BRASSET (Gaspe): I would like to add a few words to what has already been said in respect to this bill. I am pleased to say that my constituency has been more fortunate than many others because the bill provides for two rather important items of construction for it, one an item of $61,000 for the reconstruction of the quay and betterments at Cap-aux-Meules, and the other the expenditure of $64,000 for repairs and betterments to the port of Grand Riviere. I want to congratulate the minister upon having included these items, but I would remind him that both this session as well as in previous sessions I have asked him for appropriations for many other places in the county which I have the honour to represent.

My constituency has over five hundred miles of coast and seashore, and although many wharves and breakwaters were built by the former Liberal administration there are still many places that are in need of betterments, and there are also many places where repairs are needed to be made to public works already in existence, places, for instance, where public works have been damaged by storms. In asking grants for these places I pointed out to the minister that the providing of work in that way would be a proper method of curing unemployment in those localities at least. All along the coast there is pulpwood to be shipped, farm products, fish and so forth, but the people are handicapped and cannot ship out these products as there are no wharves where the boats can come in and pick them up.

This bill will not do away with the responsibility of the government for unemployment or with its obligation to end it. My constituency was one of the hardest hit by the depression, and the work which the government intends doing there will remedy the situation in only a very small degree, and only in those communities where the work will be carried on. I would therefore ask the minister to reconsider some of the items in this schedule, that he strike out some of the works which are not very necessary as,

for example, the item for Valois, as was mentioned yesterday by the hon. member for Laurier-Outremont (Mr. Mercier) and replace them with items for some useful and very necessary works which have been asked for by me in the course of this or previous sessions. I would point out to the minister that he could easily take $200,000 out of the $1,200,000 to be voted for the constituency of the Prime Minister and use it in my constituency in building wharves, where it would be of very much greater use than in building barracks for soldiers in the Prime Minister's constituency.

I notice there is an item of $2,500,000 for harbours and rivers generally. I should like to know if some of that money could not be spent in building and repairing public works in my constituency? It is quite true that the cities are very much in need of help from the government but it should not be forgotten that the smaller communities are also in need. I hope the minister will give very serious consideration to the demands which I had the honour to lay before him this session and will try to grant some of them. There is one item for my constituency, $64,000 for harbour repairs and improvements at Grand Riviere. My constituency is about five hundred miles long and as Grand Riviere is at one end of the constituency, this expenditure will not benefit the biggest part of the district. I should like to see the minister appropriate $5,000, $10,000 or $15,000 for different wharfs and works in my constituency. This would help to bring the end of unemployment.

Mr. OSCAR L. BOULANGER (Bellechasse): Mr. Speaker, I desire to say only a few words in order to express the viewpoint of the rural members. I notice from the schedule attached to the bill that most of the work to be done is to be done in the cities. The rural members and the electors whom they represent are not jealous and my purpose in rising to speak is not to complain of what the cities are receiving, it is to make a suggestion or two to the government. I realize that it is more difficult to provide for large works in the rural districts than in the cities. Those counties which lie along large rivers like the St. Lawrence offer an opportunity for the building of wharfs, retaining walls and works of that kind, but that is not the case in counties like the one I represent. However, I think if the government would exercise their ingenuity a little they could find means of providing work in entirely rural counties like Bellechasse. I hope some method will be found of accomplishing this work by means of the money to be voted in a general way.

For example, the government could assist in the clearing of land on a large scale, what I would term the mechanical clearing of land. This could be carried on in a large way instead of having it done by the individual owners of the land. The government could undertake to clear a whole parish, a whole township or a whole section of country by the use of tractors and other mechanical means instead of leaving this clearing to be done by the individual farmers. In this way employment could be given to many people in the rural districts who are now out of work. The upper part of my county is newly settled and there is a great deal of unemployment. These people work in the woods and in the lumber camps, mostly on the other side of the border in the state of Maine. At the present time this means of employment has been closed to them because the American government has barred Canadian workers. They insist that only American lumbermen shall be employed in the lumber camps of Maine and the other states. We cannot blame them for protecting their own people before offering advantages to others. The result has been that these lumbermen who have to go to the woods in the winter in order to obtain the means of existence have had to stay at home without employment. I think my statement in this regard will be borne out by the hon. member for Dorchester (Mr. Gagnon). This unemployment has resulted in great misery in the newly settled parts of our respective communities. If the government will undertake a large scheme of clearing land by mechanical means these people can be employed and they will be able to support their families.

There is one more suggestion I should like to make. It has been estimated that there are between fifty and sixty thousand young farmers between the ages of twenty and thirty years at present unemployed in Quebec. I imagine the same would be true of the other provinces. These young men have absolutely nothing to do and a little help from the government would establish them in some useful employment. Because of the depression and the low prices prevailing for farm products their parents have been unable to assist them. The government is contributing to the establishment on the land of the city unemployed; this is a very good work and is to be commended but why could not the scheme be extended to include young unemployed farmers who are only too anxious to establish themselves on the land? If this were done it would prove of great benefit to the farmers, not only of Quebec but of all provinces. I hope the government will

consider the two suggestions which I have made with great sincerity and in no spirit of criticism. I hope money can be found to look after the unemployed in the rural parts of the country.

Mr. MICHAEL LUCHKOVICH (Vegreville): Mr. Speaker, according to the 1931 census there are 44 cities and 347 towns in Canada. By this bill the towns have not received consideration proportionate to that given to the larger cities. The population of the various towns in Alberta is 34,042 while the population of the cities is 194,203. The population of both towns and cities totals 228,245. The total population of Alberta is 731,605 and subtracting the population of the towns and cities, leaves a population of 503,360 in the villages and upon the farms. I could supply the figures for the other provinces but I understand at this late stage there is at least a moral time limit upon our speeches. Therefore, I shall not take up the time of the house by quoting these various statistics. For every person living in the towns of Canada there are no more than six living in the cities. As these expenditures are allocated, all that Alberta will get is $150,000 for a post office and administration building at Banff, $1,200,000 for barracks in Calgary, $200,000 for Royal Canadian Mounted Police barracks in Edmonton, and $7,400 for a telephone line from Keg river to Carcajou. It is on behalf of those who live in the small towns that I speak to-day. I will speak for the farmers later. A member on the other side said that some of the money to be expended on these barracks in Calgary might easily be transferred to his district in Gaspe or the town in which he lives; I forget what he said. Well, I might say that at least $50,000 of this money could easily be transferred to the town of Vegreville where we have police headquarters, because these men have absolutely no housing. I would therefore ask the minister if at all possible to reconsider this vote so that some of the towns in our province might come in on the allocation of these expenditures.

Take the maritime provinces. There are only about a million people there, and not only from what I have heard from members from that part of the country, but from what I have read in newspapers and magazines, they are not suffering from the depression as we are in the west. In the three prairie provinces we have 2,350,000 people as compared with a little over 1,000,000 in all the maritimes; yet the maritimes have received $5,000,000 whereas the province of Alberta receives only $1,700,000. The maritimes are receiving $100,000 more than the three prairie provinces put together. In conclusion I do not think I can do better than quote to the house the views of the various chambers of commerce in the west regarding the allocation of these expenditures so far as the small towns are concerned. Here is a resolution passed in a very large district in Alberta:

Whereas the effects of the depression have been equally disastrous to all classes of urban communities, in that many of the smaller centres have a relief burden as great (on a per capita basis), as the largest cities;

And whereas the tax-paying ability of the residents of much smaller centres has become seriously impaired because of depressed business conditions;

And whereas the people of the dominion, regardless of place of residence, will indirectly pay for any national program of works that may be instituted:

Be it therefore resolved, that we, the boards of trade and chambers of commerce of north eastern Alberta in conference assembled at Vegreville, this 15th day of January, 1934, petition the government of the dominion and province respectively, as follows:

1. That any program of public works be so framed as to afford relief from the unemployment burden to all classes of urban municipality alike.

2. That any such program be of a nature to be of lasting benefit to the province generally and be designed to create buying power and debt paying ability in the smaller as well as the larger centres.

3. That employment on any works instituted as a part of the national program be afforded to unemployed on the basis of merit only, and without reference to former domicile. Provided, however, that this condition shall not apply, should the municipality in which the work is instituted share in the cost thereof to the extent of at least 33⅓ per cent.

One hon. member to my right said that these moneys should have been expended four years ago. I might add that something of this sort should have been done in 1930 but was not. I believe that more money could be expended, but I certainly do think that some of it should have been allocated to the smaller places—at least more than has been given. I therefore appeal to the minister to do something for the smaller towns.

Mr. J. L. BROWN (Lisgar): I wish to call the attention of the minister to a fact which is evident throughout the whole schedule. In fifteen or sixteen different places where public buildings are to be erected, it is indicated in brackets that the site has been acquired. When we are in committee on the bill the minister, I think, should be prepared to tell us when these sites were acquired. It will be recalled by many that before the war the government of that day was in somewhat the same

position as the government of to-day. There was a revulsion of feeling in the country against the government after the election of 1911, and so, with another election in contemplation, there was launched a program of public buildings and sites were acquired all over the country. It is true the war came on and that program was not carried out. It may be that these were the sites acquired at that time, and possibly some of them were acquired under the last government; I do not know. At any rate we should like to know. One of the sites acquired before the war is in Manitou, which is in my own constituency, and when this item of $2,000,000 for public buildings generally is before the committee, the minister might do worse than give some attention to the needs of the town of Manitou, where a building of moderate size would meet the needs of the community.

All I wish to say in regard to the bill generally is that while undoubtedly it will do a great deal to relieve unemployment, I am by no means as sanguine as some seem to be that it will enable us to get rid of the dole entirely. The $20,000,000 voted in 1930 did not go far in that direction, and I doubt whether the $40,000,000 which it is now proposed to spend will entirely solve the problem of unemployment relief. If that problem is solved it will not be by reason of this bill but for other causes.

Mr. ANGUS MacINNIS (Vancouver South): No doubt the people of Canada have been looking forward to the introduction of this bill ever since the announcement was made early in the winter that such a measure would be brought down. I believe that the people throughout the dominion are interested in this bill, more so possibly than in any other bill, and for that reason I think it is the duty of every hon. member to express his views regarding it.

I will not indulge in any congratulations of the government on bringing down this bill, nor am I going to criticize them for not having brought it down sooner. It has been said that the fault to be found with the bill is that it is four years too late. With that statement I entirely agree. As a matter of fact I believe that if the present opposition had been half as sympathetic in 1930 to the needs of the unemployed as they pretend they are now the government now in power would not be sitting where they are. It is largely because of the unsympathetic attitude of the opposition at that time that the Conservative government came into office.

One criticism I have to make is this. I believe that the money could be spent to far better purpose, at least some of it, than in the way allocated in the schedule. For instance, I notice that in the city of Vancouver there is an amount of $240,000 for armouries, and I could suggest a number of uses to which the money could to far greater advantage be put in meeting the needs of the people than in building armouries. We need hospitals and schools. Not only in Vancouver but throughout the dominion. We need better homes for the working class and some of this money could be used for that purpose to far better advantage and more in the interests of the Canadian people than for the building of armouries and mounted police barracks. In regard to hospitals I should like to put on record a statement that was made by Doctor Hatfield, head of the tuberculosis clinic of the Vancouver General hospital, quite recently. I am quoting from a news item in the Vancouver Daily Province. This is what he said:

> There are fifteen hundred cases of tuberculosis in Vancouver. Two new cases occur every day, and as many as a hundred and twenty cases were found in one month this year.
>
> One death occurs every forty-eight hours in Vancouver from the disease, which is causing six times as many deaths here as all other infectious diseases together.

Then he goes on to say:

> Doctor Hatfield went on to describe the sad plight of men released from tuberculosis treatment but unable to compete on the labour market immediately. He showed how these men break down from overwork and lack of sufficient nourishment, suffer a relapse and again spread the disease. Such men, he declared, should be cared for until they are fully competent to go into the open labour market again.

But they cannot be cared for because there is not sufficient hospital accommodation to look after them. And for that reason again I would suggest to the Minister of Public Works that he reconsider this item for the armouries in Vancouver and see if at least some of the money cannot be used to take care of the sick that the municipality is unable to take care of at the present time.

I hope before the bill is finally passed every precaution will be taken to see that in all contracts let the fair wage clause will be inserted and that provision will be made for its enforcement with the utmost strictness; also that no subcontracts shall be let or, if such are let, that provision be made that fair wages must apply on all subcontracts as well as on the original contracts.

There has been some criticism of the provision in the bill that where the amount of

the work does not exceed $25,000 tenders need not be called for. It is rather an indictment of our present system of government administration that all our work could not as well be done by day labour under the engineers of the Department of Public Works as by calling for tenders and the letting of contracts for the work. I have had some experience of municipal administration and the carrying out of municipal work and we have proved time and again that the work can be done much cheaper than by contractors. As a matter of fact, we can save more than the contractors' profits on every piece of public work done by day labour under a competent engineer acting for the municipality or for the various boards that have been appointed to carry on certain municipal works.

I remember when the Prime Minister brought down the $20,000,000 appropriation at the special session of 1930 he remarked that it was not a solution for the unemployment problem. I hope we shall not consider this public works program as a solution for the unemployment problem, because it is not. We shall have to solve that problem in some other way; it cannot be solved by a policy of public works. It can be solved only when the purpose of our production and our productive effort is used to provide for the needs of our people and not, as is the case at present, for the making of profit.

Mr. L. E. PARENT (Terrebonne) (Translation): Mr. Speaker, I do not wish to delay the house very much in discussing this bill; however, in the interest of my constituency I intend to make a few comments. In principle, I approve of this measure because it affords us the means of relieving the unemployed in this country. However, like many who preceded me in this debate, I find that this measure has been too long delayed. If the $40,000,000 which the government intends to appropriate to public works had been expended two or three years ago, what a difference we would have noted throughout the country in the purchasing power of the people and the ordinary trade! But let us proceed. The bill provides for the construction and improvement of certain public works in urban centres, especially in thickly populated places. I admit that there are more unemployed in urban centres than other centres and rural counties, however, one must remember that unemployment also prevails in rural districts. There are small towns in rural counties. For instance, we have in the county of Terrebonne, the town of St. Jérôme with 10,000 population; the towns of St. Thérèse, Terrebonne and St. Agathe, where I have the honour to reside. These centres during the last three years of the crisis, had to provide for the needs of a great number of unemployed by carrying out certain undertakings with the help of both dominion and provincial governments. If the entire $40,000,000 are applied to erect buildings whose superstructure is of steel, that will require artisans, experts, skilled labour. Many unemployed—the majority of them—are neither bricklayers, carpenters nor masons, but are purely and simply navvies or labourers. In our rural counties there are many of these people residing in small towns, heads of families who require work. That is one of the reasons why I requested the government to remember rural counties and grant them certain amounts for various works not connected with the erection of large buildings or steel bridges, but with the construction of or improvement on roads and concrete bridges. All are aware, to-day, that with the development and improvement of traffic the subsidiary road to the national highways are called upon to stand the wear and tear of heavy traffic. The bridges have broken down, they must be rebuilt; and who will foot the bill? It will be the farmers who look after the highways and the grades. If the government granted to each county a certain amount to build bridges and improve the roads, labourers and heads of families could benefit by it.

Moreover, sir, we have in counties like the one I have the honour to represent, the advantage of being able to carry on certain work in the forests. We have in Terrebonne, north of Montreal, a large tract of land known as the Mont-Tremblant park, of which it is hoped to make a national park so as to attract tourists to this locality. A great number of shanty men who, in the past, found work in lumber camps from lumber companies, might to-day, be employed in opening up roads, clearing and preparing this large tract of land known as Mont-Tremblant park, which would become a pleasure resort for tourists. This would have the effect of increasing the income of the people of the district who mostly depend on the tourist trade for a livelihood.

I closely followed yesterday, the remarks of the hon Minister of Marine (Mr. Duranleau) who kindly requested us not to criticize too much, because there are various amounts which will be appropriated to rural counties. He mentioned, among others, an item of $2,000,000 included in the estimates of the department of the Interior. $2,000,000 for the rural counties out of a total of $40,000,000 is a very thin slice. Mention is made of the

building of highways, of electric lighting systems, aqueducts, drainage, pleasure grounds, protection work on rivers, etc. Other items should be placed under the same heading as the item to which I just referred, for instance: the item of $60,000 to apply two coats of paint on the steel structure of the Montreal Port bridge. I am quite aware that this work is necessary, but it should be placed in the estimates of Public Works, under "Maintenance" of the Port bridge and not included in this bill as a relief to the unemployed.

There is another item for public buildings in general, improvements, additions, fittings, repainting, painting and other repairs, which should be included in the estimates of the Public Works department. These two items, totalling $2,050,000, should be applied on construction work in rural counties so as to relieve the unemployed who reside in the small centres to which I referred. The quota amounts to but one twentieth of a total amount appropriated if I rely on the statement of the hon. Minister of Marine that $2,000,000 only out of $40,000,000 will be applied to rural counties. One must remember that half the population of Canada is rural, and that a large number of unemployed are to be found in small centres and towns. It will be necessary that more than one twentieth of the total amount be appropriated to public works in rural districts.

As many have stated, I am not finding fault with the amounts granted to other counties. There is an appropriation of $1,500,000 for the constituency of the right hon. Prime Minister (Mr. Bennett). I am pleased for the citizens of that constituency, however, I think that some consideration should have been given to other parts of the country which have a right to receive, by virtue of this bill, at least some small portion, without in any way affecting the amount of $1,500,000 for the constituency of the right hon. Prime Minister. That is why I uphold the rights of the county of Terrebonne which I have the honour of representing, because I think it should be granted about $100,000 for bridge work, improvements on roads and various other works to which I referred. I request but one thing, it is that, by this bill, a fair and just distribution be made among all the counties where unemployment prevails —there are unemployed in all parts of this country—in order that no blame be placed on the government and those who represent the people in this house, because should this bill be adopted in its present form, we shall certainly be criticized.

Mr. A. E. MUNN (Vancouver North): I do not wish to take up much time of the house, but I wish to say to the minister that the allotment for British Columbia under this bill is a little under the average. However, I have no particular complaint, because there are items here under which we may get something which is not specified. During the past two or three months I have made certain requests to the minister concerning repairs to wharves, new wharves, public buildings and other matters. While he has not made any allotment for my riding of Vancouver North I am hoping that he will spend some money in that riding, especially on the wharves and public buildings that I mentioned to him.

In regard to one item in the bill, No. 175, $14,000 for a retaining wall for Stanley Park, I want to compliment the minister for having that in the bill, but I think the amount should be doubled, then he would have a first class job. I know it will be impossible to make a good job of it for $14,000. I suggest to the minister that before letting this work he get a report as to how much it will take to complete. Another thing in connection with Stanley Park. It belongs, as you know, to the government, and is under lease to the city of Vancouver. It is one of the beauty spots of the Pacific coast. In my opinion it is being neglected, in this respect: some people say Stanley Park is virgin timber, but the fact is that it has been logged off. There is a lot of dead, rotten timber scattered through the jungle that should be cleaned out, as it serves as a breeding ground for the beetles that are destroying the green trees that are left. I have investigated and I know what I am talking about. I think the minister should get a report as to the condition, and that some of this money should be allocated for cleaning up that debris.

Another item that I see in the schedule is an assembly wharf at Nanaimo. I wish to caution the minister about building an assembly wharf there. In my opinion Nanaimo is not a suitable location. Nanaimo is the centre of a coal-mining industry rather than a lumber industry, there are no lumber mills at Nanaimo, and if an assembly wharf is built there it will surely be a failure because the dust from the coal will get on the lumber and when it gets to the planing mills they will wonder what has happened. This is something of which I think the minister should take special note and make sure that the lumbermen of British Columbia want that assembly wharf built at Nanaimo.

I am not holding any brief for any other town, but as a practical lumberman I know that Nanaimo is not a suitable location.

I would also advocate the inclusion of a fair wage clause in all contracts, and I think that any work costing over $5,000 should be let by tender.

There is nothing ear-marked for my riding in this bill, but I have made certain representations and am asking that if possible some part of items 75, 77, 78, 79 and 135 be allocated to the works I have suggested. I have not asked for anything unreasonable.

Mr. E. C. ST-PERE (Hochelaga) (Translation): Mr. Speaker, any one who would hope, through this bill, to see unemployment completely disappear from our large cities, would be very optimistic but not practical. No doubt this measure will somewhat improve the sad plight in which the workmen of Montreal and those of all large cities in Canada find themselves at present.

I accept, in principle, this bill, but with certain restrictions. I trust that no political distinction will be made in distributing the work among those who request it, secondly, wages not only rational but substantial should be paid to them. Many unfair, unjust, I may even say vile acts take place at present under the plea of so called rational wages. I therefore request as an appendage to this bill, not only rational but substantial wages, to which all workmen are rightly entitled. Moreover, I equally request that tenders be the rule laid down in regard work calling for even a smaller outlay than $25,000.

There are in our large cities a considerable number of small contractors who, in the past, have contributed more to help the workmen and to increase public wealth than those large companies which operating here and there, whose shareholders are foreigners and managers do not understand the mentality of our workers. These small contractors have had, within the last few years, material lying idle and it is high time that the government allow these people, who have made enormous losses since the beginning of the crisis, not only to utilize their material but to give work to the men they employed in the past.

There is another matter which I want to point out: The hon. member for East Hamilton (Mr. Mitchell) insisted the other day in the course of his speech, that the material utilized in these various enterprises should be Canadian in order that this bill should afford still more work to those who in this country have been idle for a number of years.

[Mr. Munn.]

This measure, I stated a moment ago, will not afford the complete relief expected. What will become of our white shirt employees? What will become of our former office employees? What will become of our youth?

Mr. BARRETTE (Translation): The white shirt employees can become bookkeepers.

Mr. ST-PERE (Translation): The white shirt employees cannot become bookkeepers?

Mr. BARRETTE (Translation): They are clerks.

Mr. ST-PERE (Translation): The present bill will require bookkeeping, but this work will be performed by the employees of large companies, so that our white shirt people will find very little comfort in the suggestion of my hon. friend.

Mr. BARRETTE (Translation): You have just referred to small contractors.

Mr. DUPUIS (Translation): They are all "cimenteurs" (such liars or cement workers).

Mr. ST-PERE (Translation): Instead of so often interrupting those who take more interest than he does in endeavouring to relieve the depression existing in our rural districts, the hon. member for Berthier-Maskinongé would be more deserving of praise, if following the example of the Liberal members who spoke just now, he championed oftener in the house the interests of his county.

I shall be brief, sir. It is very fine to present to workers a measure of this kind so as to deceive them, but—I am addressing myself to the hon. member for Berthier-Maskinongé—is he or would he be following the example of his government, in favour of cutting out the dole? I state that the dole—necessity is law at present—must still be continued after this act is put into force. It is futile to think for a moment of cutting out the dole, let it be a joint contribution by the dominion government, provincial governments and our cities. I am in favour of continuing the dole, recognizing, with all those endowed with some practical sense, the impossibility, through a bill like this one, of affording a complete solution to the sad unemployment problem. And that, sir, is my last word.

Mr. W. H. MOORE (Ontario): Mr. Speaker, may I ask the minister if he has been informed as to the deplorable condition of the harbour at Whitby, county of Ontario.

Mr. STEWART (Leeds): Mr. Speaker, on several occasions representations have been made as to the necessity for dredging at

Whitby. The general vote is in terms sufficiently elastic to permit that work to be done, if we conclude that it should be done.

Mr. DUPUIS: No definite answer yet.

Mr. MOORE (Ontario): Have I the assurance of the minister that the matter is under contemplation?

Mr. MACKENZIE KING: We are not in committee.

Mr. STEWART (Leeds): The hon. member may have the assurance of the minister that what he has said to-day will be considered, and the situation at Whitby reviewed.

Mr. MOORE (Ontario): I would not press the matter were it not for the fact that this bill has been staged as a relief measure. There are unemployed in Whitby. It has been pointed out by the hon. member for Medicine Hat (Mr. Gershaw) that the majority of the undertakings are for non-productive purposes. I regret the action of the government in spending so much money on such non-productive purposes. May I associate myself with the statement or warning of the leader of the opposition as to the dangers of inflation. However, since the measure is for non-productive purposes, since it is to be financed out of money drawn from the clouds and since we have unemployed in Whitby I would ask that this bill should provide that the unemployed in Whitby may be set to work on the improvement of the Whitby harbour.

Mr. CHARLES E. FERLAND (Joliette) (Translation): A number of speakers, sir, who preceded me in this debate have in one way or another apologized for taking part in the discussion, stating that their intention was to be brief. There are so many things to say about this bill that I shall immediately state that I shall take the necessary time to make my remarks. The bill under consideration had for a long time been promised to us. It was announced with much flurry and exaggeration during the election campaign of 1930, when the Prime Minister (Mr. Bennett) and his followers promised to settle the unemployment question. Let us examine the promises of this session; for many months we have been promised this bill to relieve unemployment. A few weeks ago our scrupulous Prime Minister stated that he could not introduce this bill before the elections of Ontario and Saskatchewan for fear of influencing the people's vote. I now realize that he was perfectly right. In fact it would have influenced the people. The constituencies set aside in this bill are numerous; there are many needs for which the bill should have provided, yet they were ignored Had this measure been brought down previous to the Ontario election, there can be no doubt that the poor candidates of Ontario would have had the same fate as those of Saskatchewan, who failed to elect one of their candidates. The Prime Minister feared to harm the chances of the Conservative candidates and that is why he did not wish to embarrass them.

If we consider the bill, on the whole, we find that certain features must be examined. Its object is to relieve unemployment. Therefore, it must provide work wherever there are unemployed. What do we find in this bill? There are in Quebec about 1,400 municipalities. How many are included in this measure? Can any one find more than twenty-four? Among these twenty-four a number have no unemployment problem. Thus, for instance, I could point out to the little municipality of Valois, in the county of Jacques Cartier where, to my knowledge, no unemployed are to be found, but where, however, an expenditure of $25,000 is authorized.

What characterizes this bill, is the total disregard for farmers in centres half urban and half rural, as in the case of the county of Joliette. In cities like Joliette or St. Hyacinthe, and those of the importance of Sherbrooke or Rivière du Loup or in so many other cities of Quebec, where there are so many unemployed, it was an easy matter to provide for public works which would at the same time have helped the farmers. There are many public buildings which could have been erected in such cities. As the hon. member for Terrebonne (Mr. Parent) also pointed out, a moment ago, many of such undertakings could have relieved the unemployed, even outside of cities. For instance, if one examines the present situation in the northern parts of the counties of Joliette, Berthier Maskinonge, l'Assomption, Montcalm and Terrebonne, one may note that many farmers cannot depend any longer on their land for a livelihood because the returns are insufficient, although in the past the land was profitable and the farmers were comfortably off. There are public works which could be carried out in those northern sections; roads to be built in the county of Joliette, as well as in the county of Berthier-Maskinonge represented by a member who was able to obtain for the town of Berthier a post office which will cost about $48,500.

The government could and should have appropriated for such works a larger amount, since it is an easy task for them to finance

undertakings of this nature in a country whose credit, are we to believe our friends in the government, is greater than that of all other nations. The government could have provided for certain undertakings which would have given practical and profitable results to farmers. At the inquiry on the spreads of price and mass purchasing, the disadvantages of tobacco trusts were investigated and it was pointed out to the government that the tobacco growers of Quebec especially those of the counties of Joliette, L'Assomption, Montcalm and Berthier-Maskinonge can no more find markets for their products which they have to sell at exceedingly low prices, a few cents per pound. At a sitting of the committee, the mayor of St. Jacques-l'Achigan, Mr. Joseph Marion, brought out a very interesting memorandum which contained suggestions made by tobacco growers of my district in order to remedy this disastrous and ruinous situation. It concludes as follows at page 1682 of the report:

Our suggestions greatly resemble those made by the Ontario tobacco growers: organization of the official grading through the means of a central warehouse for drying, grading and public auctioning.

The government should have provided for a central warehouse for drying, grading and selling by public auction, in our important district. While giving work to the unemployed in our district, it should also have provided for cold storage plants for the farmer's perishable products in order, to complete the work undertaken by the co-operative associations of butter-dairies and farm industry products. Perishable commodities could be stored in these plants, such as butter, when, during a few months in the year, prices are low or when there is over production. One could store in those plants, for the time being, the maple products which are marketed without being graded or carefully selected and sacrificed at ruinous prices, while a local market is being flooded with large quantities of this commodity, far more than required by the local population.

Mr. DURANLEAU (Translation): Will the hon. member allow me to ask him a question? Does he not think that the Marketing of Natural Products Act will permit exactly what he suggests?

Mr. FERLAND (Translation): I regret, sir, that I have to reply in the negative, because I have no faith in the results of the act to which my hon. friend, the Minister of Marine (Mr. Duranleau) has just referred.

Mr. BARRETTE (Translation): To be saved, one must have faith.

[Mr. Ferland.]

Mr. CASGRAIN (Translation): Faith will remove mountains.

Mr. FERLAND (Translation): Am I to understand that the hon. member for Berthier-Maskinongé (Mr. Barrette) has no faith himself in that act?

Mr. BARRETTE (Translation): I did not make that statement. I am quite confident on the contrary.

Mr. FERLAND (Translation): Would the hon. member repeat what I did not catch? Will he explain what he means when he states that I have no faith?

Mr. BARRETTE (Translation): I stated that to be saved, one must have faith.

Mr. FERLAND (Translation): Then, I must reply to my hon. friend that if one must have faith to be saved, I doubt very much that he has enough to save his party and government at the next election.

What also characterizes the bill under consideration, is the particular solicitude of the government to specially favour the Quebec Counties represented in the house by Conservative members. One notes that the government paid special attention and carefully handled the matter.

Mr. LAFLECHE (Translation): That is quite natural.

Mr. FERLAND (Translation): To this, the hon. member for Richmond-Wolfe (Mr. Laflèche) replies: Quite naturally.

Mr. LAFLECHE (Translation): That is natural!

Mr. FERLAND (Translation): This remark is entirely in keeping with his principles, his mentality and with the policy of the Conservative party generally.

Mr. LAFLECHE (Translation): You have principles when in the opposition and then when in power, you disown them. That is the difference existing between us.

Mr. FERLAND (Translation): We expected that partiality in the distribution of public works in Quebec. If at least they had been distributed in all cities where there are unemployed!—And we are aware that there are unemployed in all cities. The government has not forgotten that it helped the unemployed of all cities in Quebec and that, at present, there are unemployed in all the cities which are not mentioned in the bill and which should have been included among others Sherbrooke, whose population is close on 30,000; Joliette whose population reaches almost 12,000; St. Hyacinthe, Riviere-du-Loup.

Mr. LAFLECHE (Translation): Those two counties are represented in the house.

Mr. FERLAND (Translation): —and even Hull. I find it ridiculous that the government has not thought of helping the unemployed of Hull. If there is a city which is suffering from unemployment where the working population is at present in distress it is certainly the city of Hull. The government can certainly not close its eyes to what takes place just outside the limits of the Capital. Yet for the sole reason, obviously—if there are others, we should be told—that Hull is represented by a Liberal member, no work for the unemployed is mentioned, for this municipality, in the bill.

Why should there not be any work in the new diocese of Joliette-L'Assomption-Montcalm? There is no excuse for ignoring this new county, there is no reason for not affording relief to the people of this new constituency. This county has a number of parishes on the St. Lawrence river, and it could also, have benefited by the work to be undertaken in the various rivers of this country. Particularly in Quebec, a considerable amount of the money to be voted, which represents many millions of dollars, will be utilized in carrying out work on the St. Lawrence or other rivers. One might think that it is "watered stock"—election watered stock.

Mr. DURANLEAU (Translation): Are you opposed to the work which will be done on the St. Lawrence?

Mr. FERLAND (Translation): In principle, I am in favour of the work to be carried out on the St. Lawrence, but not in the way which my hon. friend the Minister of Marine wishes to distribute it.

For instance, I am opposed to spending considerable amounts, hundreds of thousands of dollars to build a concrete wall in order to prevent the embankment in the county of my hon. friend from falling into the St. Lawrence river.

Mr. FAFARD (Translation): It is to prevent the county from sliding away!

Mr. FERLAND (Translation): There is precisely in this bill a large item, $40,000 to construct a cement wall which according to the hon. Minister's statement would serve to protect another wall that cost $68,000, and also be an extension to the latter.

Especially—this is not the statement of the hon. minister—the said wall will serve to protect the government at the next election. I fear that the protection will be of no avail.

Mr. DURANLEAU (Translation): Time will tell.

Mr. BARRETTE (Translation): What are the undertakings you have suggested for the county of Joliette?

Mr. FERLAND (Translation): I suggested a number of undertakings for the county of Joliette, which could also have applied to the county of Berthier and which the hon. member forgot to request. He contented himself with a post office at Berthier. For at least three or four years past this post office has been requested. I am pleased that the hon. member has obtained it and I have no objection to there being erected at a cost of $48,000 a beautiful post office in the town of Berthier and, even, that there should be placed at the main entrance a commemorative bust of the member for Berthier who is not very tall, so that it will not take a great deal of stone, and therefore, will not cost much.

For some time past, sir, a campaign has been waged in the press so as to protest against the deplorable state of the two bridges which link Montreal to the Joliette L'Assomption-Montcalm county. As stated in the press, these bridges are truly a disgrace to the Canadian metropolis; they are in a lamentable state, paved with planks which act like an accordion when automobiles pass over them, the bridges are too narrow and have no sidewalks for pedestrians who travel daily from Charlemagne to Montreal to earn a livelihood.

These pedestrians are constantly exposed to serious accidents. It would be an easy matter to rebuild these bridges with the funds appropriated to relieve unemployment and if there be not sufficient to rebuild them, they could be repaired; the foundations could be strengthened, sidewalks could be added on each side for pedestrians and these floating planks could be replaced by a cement floor or by some other material. However, it is quite easy to explain that the government did not think of repairing or rebuilding these bridges. The counties of Joliette and L'Assomption-Montcalm are negligible quantities for our friends opposite since they do not even want to let them keep their members and that they remove from these counties, owing to the redistribution of seats, one member out of two.

Such is, sir, the spirit of justice which animates our friends of the Conservative party. This is quite in keeping with their policy of the last few years, it is clearly written in this bill, which is also as unfair as the Redistribution Act by virtue of which there exists in Quebec rural counties that have only about 20,000 population while others have a population of 60,000. To prove

my statement, that this bill is unfair and that it sets aside the Liberal counties, I have but to point out to the fact that the largest rural county of Quebec, the new county of Joliette-L'Assomption-Montcalm has been entirely ignored, not even being mentioned.

Certain municipalities will benefit by this bill; I am very pleased. I have no objection to counties represented by Conservative members being given work; however, I state that counties having Liberal representatives should also have their share, since there are unemployed everyhere.

Mr. LAFLECHE (Translation): Chicoutimi and Father Point are in counties represented by Liberals. Lacolle is represented by a Liberal, the member for St. Johns-Iberville (Mr. Rhéaume).

Mr. DUPUIS (Translation): Lacolle has been transferred (decollé).

Mr. FAFARD (Translation): That does not go (colle).

Mr. FERLAND (Translation): The hon. member for Richmond-Wolfe (Mr. Laflèche) states that some counties represented by Liberals obtained work. It is true that some did; however, in most cases one finds that the reason and justification for this is very obvious. If, for instance, we take Sorel, it was necessary to authorize work in that place, since by the policy of our Conservative friends, the workers at Sorel had been dismissed so as to make place for workers from the counties of Berthier-Maskinongé, Champlain, Yamaska and other Conservative counties. The conservative electors must be taken care of and given assistance wherever they are, even if they are in Liberal counties.

I shall not insist any further, sir; I clearly showed that this bill smacks of partiality, unfairness and "partisanship" the usual policy of the government, and, although the principle of giving out work is accepted by all, I state in closing my remarks that the government is to blame for the way it distributes work.

ROYAL ASSENT

Mr. SPEAKER: Before the hon. member begins his remarks, I should like to transmit to the house the following message from the deputy assistant secretary of the Governor General:

Ottawa, June 28, 1934.

Sir,—I have the honour to inform you that the Honourable Mr. Justice Rinfret, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber to-day at 5 p.m. for the purpose of giving royal assent to certain bills.

I have the honour to be, sir,
Your obedient servant,
F. L. C. Pereira,
Deputy Secretary to the Governor General.

[Mr. Ferland.]

SENATE AMENDMENTS

Mr. SPEAKER: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate does not insist upon the amendment made to Bill No. 51, to improve the methods and practices of marketing of natural products in Canada and in export trade, and to make further provision in connection therewith, with which the House of Commons has disagreed.

I also have the honour to inform this house that a message has been received from the Senate informing this house that the Senate does insist upon its amendments made to Bill No. 89, to amend and consolidate the Excise Act, with which the House of Commons has disagreed.

PUBLIC WORKS CONSTRUCTION ACT

The house resumed consideration of the motion of Mr. Stewart (Leeds) for the second reading of Bill No. 113, to provide for the construction and improvement of certain public works and undertakings throughout Canada.

Mr. T. ADELARD FONTAINE (St. Hyacinthe-Rouville) (Translation): Mr. Speaker, I deem it unnecessary to discuss at length the reasons, considerations and comments in connection with this bill.

I had the opportunity, recently, to submit to the hon. Minister of Public Works (Mr. Stewart) in a petition I presented to him on behalf of the people of the county of St. Hyacinthe-Rouville, which I have the privilege of representing in the House, a few requests in connection with work which could be undertaken in my county. I think that one may rightly state that it is unfortunate, nay, most unfortunate, that it was thought proper to set aside or overlook certain counties and some of the principal cities of our province, cities in majority Liberal such as Hull, St. Johns, St. Hyacinthe, Sherbrooke, Joliette and a few others. I do not intend to speak at length on this measure. Every member approves the principle of this bill. Fortunately, as the hon. ministers, once or twice, have pointed out there still remains to distribute quite a considerable amount, 6 or 7 million dollars, I think. I have faith, inasmuch as the county I represent is concerned, that consideration will be given to the requests and petitions that I presented and that they will be acted upon in a practical manner by granting to this county the fair quota to which I know it is entitled.

Mr. J. FERNAND FAFARD (L'Islet) (Translation): Mr. Speaker, I do not envy the considerable amounts voted to relieve our large cities. It was but fair that the government, after having starved the people by its policy, should have come at last to their rescue and provided food to the working classes. What characterizes the bill under consideration, is the complete denial of work for our rural districts. The government does not seem to remember that, since 1930, our farmers have been in distress, that at the end of each year they witnessed the prices of their products decrease, while, on the other hand, they had to pay the same prices for what they required. It would have been an easy matter, by this bill which, at first, provided for an amount of $50,000,000, to vote some moneys to help the various provincial governments in draining the lands. In Quebec, Ontario and the Maritime provinces, thousands of acres could easily be cultivated, if we had the necessary funds to carry out drainage work, we could thus help our numerous rural families. Since the government also states that it wishes to help the back to the land movement, it would have been an easy task to assist the various provincial governments by granting certain funds to help to clear the land. We would have thus had an actual back to the land movement and the funds would have been distributed equally and fairly to all.

What is happening at present? I represent a rural county and I receive a dozen letters a day from young men inquiring whether it would not be possible for them to find work in the large centres where they know that large undertakings are being carried out. It is all very fine, sir, to erect customs and post office buildings. I have no objection, however, we must realize that these buildings give no returns to the country; they are rather a cause of expenditure, either because of insurance or repairs and maintenance necessary while the money expended for the drainage of lands or to establish settlers, becomes an actual asset. The farmer, at present, pays too much for what he requires. I am certain that, if an audit was carried out to discover the additional amounts which farmers had to pay because of duties on farm implements, barbed wire and fertilizers, we would discover that a large portion of the $40,000,000 which will be expended in large cities, is derived from money contributed by our rural constituencies.

Mr. PAUL MERCIER (St. Henri) (Translation): Mr. Speaker, I wish to add a few remarks to those of hon. members on this side of the house as regards Bill 113. The object of this measure is to provide work for the working classes and reduce the expenses in connection with the dole. If one examines this bill, one notes, generally, that the public works mentioned in Annex A have already been requested by liberal members, on many occasions, especially with reference to the Montreal post office—the postal terminus. In 1930, an amount of $6,000,000 had been provided to erect this building. We requested, by our questions and speeches that the unemployed should be relieved, that work should be given by erecting an annex to the customs and excise building at Montreal. As last the city of Montreal obtains what it requested, but it is a little late because such work should have been undertaken at the outset of the crisis under the measure enacted by the house in 1931.

Moreover, we had appropriated in 1929—and that would have served the purpose—$50,000,000 for the Canadian National. This was carried in the house on division and without discussion. In 1930, about $12,000,000 were expended and the balance remained in the Public Treasury. This would have provided much work, especially for labourers. I cannot figure how, through the projected public works, our workers will obtain much work, although they are the ones who suffer most in Montreal, in our cities and rural sections. When contracts are to be awarded in Montreal, the trades union people will be employed and quite a number of them still have a little work in building and repairs, but one will find out that there will be no work for those who receive the dole, those on whom the factory doors are closed, at present, and for the labourers without any special trade.

The work will be done in the central part of Montreal, except for a very small part in the eastern section of the city. As to the western part where unemployment greatly prevails, no work will be available for our workmen. The centre of the town will become the Mecca! All will endeavour to reach it in caravans or in processions so as to obtain work and the government shall require a good employment bureau, capable men, and secretaries to choose these workers, to compensate them for the dole which will end about July 15 or August 1, next.

I have my doubts about sections 6, 7 and 8 of the bill. If you suppress the dole you will be faced with work of urgency because municipalities will call for help, they want to be given work as soon as possible. Provinces and rural centres are doing the same, all are on their way to Ottawa! What steps

will the government take when faced with section 7 of the bill? In schedule A, one notes that, out of 163 items, 73 of them, when added, only amount to $25,000 or even less. That means in urgent cases the government will award the work without tenders. Patronage will completely prevail in each county; contracts will be awarded under instructions from the minister solely, and tenders will not be called because the government will invoke section 7 which reads as follows:

> In the case of work of pressing emergency in which, in the opinion of the governor in council delay would be injurious to the public interest . . .

The moment you suppress the dole, all these undertakings will become urgent, the government may resort to section 7 on all work costing $25,000 or less—73 out of 163—will be awarded without tenders.

Mr. BARRETTE (Translation): Is that a crime?

Mr. MERCIER (St. Henri) (Translation): Public interest requires that the work be carried out on the most economic terms possible. When a government awards a contract of $25,000 for work which can be done for $10,000 or $15,000, the public treasury is the loser.

Mr. BARRETTE (Translation): How does it happen that Quebec never publicly calls for tenders?

Mr. MERCIER (St. Henri): We are not in Quebec but in Ottawa.

An hon. MEMBER (Translation): Fortunately.

Mr. MERCIER (St. Henri) (Translation): According to the act in force, any dominion contract for an amount over $5,000 must be awarded after public tenders have been called for by the Public Works department. The present bill will do away with this provision of the present statute. The member who is fortunate enough to obtain work for his county will be master of the situation. In the Christmas tree erected in June—it is the first time I see such an event in midsummer—blue and red stockings hang. You Conservatives will find in your blue stockings the jewels, the work which your party will award you, while we Liberals, will find nothing or almost nothing. You placed potatoes in our stockings, but from now on until the dominion election, you will discover that your contracts of public works will change into cabbage leaves and that our potatoes will turn to sweet potatoes; and this under the magic rod of the Canadian people.

In 1930, we had voted funds for numerous works. To-day the government places in the schedule of the bill works which should have been included in the budget. And what became of the work recommended in 1930? An item of many thousands of dollars had been approved for a post office in the constituency which I have the honour of representing. It disappeared like a cloud in the skies of St. Henri. What became of the suppression of level crossings in the same county? If the contract of the Canadian National had been carried out such as enacted in the dominion statutes, we would have to-day the free circulation of traffic in the western part of Montreal.

In connection with unemployment work, how far advanced is the construction of the tunnel under the Lachine canal at Côte St. Paul, linking the municipal wards of St. Henri and Côte St. Paul? The act authorizing the construction of this tunnel was approved on January 15, 1931, by the Lieutenant-Governor of Quebec. It will be found at chapter 124 of the Quebec statutes, 21 George V, 1930-31.

An hon. MEMBER (Translation): Did you vote for it?

Mr. MERCIER (St. Henri) (Translation): That was in Quebec and I sit in Ottawa. As a member of this house I am in favour of the immediate construction of this tunnel. His Worship the Mayor, Camilien Houde, at the request of the citizens of the western part of Montreal, had this measure enacted. In 1931, when he ruled in Montreal and was leader of the opposition at Quebec, his executive and councillors went down to Quebec to press the passing of this act, authorizing the construction of two tunnels under the Lachine canal, one at Wellington street and the other at Côte St. Paul, which were to link the municipal wards of St. Henri and St. Paul. With that in view he had then obtained from the legislature the authorization of making a loan of $5,500,000 for those two tunnels. He is again in office in 1934; he is at the head of the municipal destinies of the city of Montreal. He will soon be granted, through the cooperation of his friends opposite and ours, an amount close to $4,000,000. With these $4,000,000 he will undertake the work promised at the time, and which he requested and had adopted at Quebec. The preamble of the act reads as follows:

> . . . there will result considerable advantages for the public as regards traffic and the help which the execution of such works will bring to the unemployed.

However, this statute will only come in force inasmuch as unemployment prevails in

the city of Montreal. Section 2 chapter 124 of the statutes of Quebec, 21 George V, 1930-31, reads as follows:

The said city is authorized to enter in such contracts as it may deem advisable with the federal government and the Montreal Tramways Company for the purpose of obtaining from one or the other or from both a contribution in money to assist it to pay the cost of such undertakings.

A delegation in 1931 interviewed the government and the latter immediately approved of the construction of the tunnel under the Lachine canal at Wellington street. According to the act these $5,500,000 were to serve to build the two tunnels, however, realizing that the funds were not sufficient, another delegation the following year went down to Quebec, and the $5,500,000 were increased to $7,000,000. I now find in this act, chapter 106 of the Quebec statutes, 22 George V, 1931-32, an act amending the statute 21 George V, chapter 124, passed on February 19, 1932, the following:

The cost of the Wellington tunnel must not exceed four million two hundred and twenty thousand dollars and the balance of the five million five hundred thousand dollars must be applied towards the cost of the other tunnel.

That is clear. The tunnel of Wellington street was to only cost $4,420,000; if we deduct this amount from the total of $5,500,000 for the two tunnels, there remains a balance which the city of Montreal must have in their treasury for the construction of this second tunnel so as to relieve unemployment as stipulated in the Quebec statutes. The municipal administration which is again in office in Montreal must have in the treasury for the construction of the second tunnel, an amount of $1,280,000. As the work on this tunnel, according to the figures of a competent civil engineer, Mr. Jean-Paul Lalonde, of Montreal, would cost $1,114,474, there still remains sufficient to build the tunnel of Côte St. Paul. The amount of $1,500,000 which is the difference between $5,500,000 and $7,000,000 must certainly be applied to the necessary expropriations for the two tunnels, that of Wellington street and Côte St. Paul. There still would remain enough, a few hundred thousand, to carry out the necessary expropriations of the streets ending at the tunnel of Côte St. Paul, and those on the St. Henri and St. Paul sides. I maintain that the dominion government are directly interested in this work. They have indirectly pledged themselves to build these two tunnels. Let them provide work for the unemployed of Quebec. When statutes were jointly enacted by the city of Montreal and the Quebec legislature, authorizing such work as a special relief for the unemployed; when, on the one hand, the government has already placed in the supplementary estimates an amount of $785,300 as its quota to construct the Wellington street tunnel, I state that, if this work is carried out, the government would be providing work for our workmen. Out of the total cost of this undertaking amounting to $1,114,474.67, $582,251.85 would be applied to material and $186,440.35 would be paid to labourers, the unemployed who prefer to work rather than receive dole cheques. That is how the government could help the unemployed and at the same time, carry out an undertaking indirectly contracted by recognizing this statute and by partly applying it to the construction of a tunnel under the Lachine canal at Wellington street and partly to another tunnel at Côte St. Paul.

I am not the member for Jacques Cartier, however, I appeal to my hon. friend the representative of that county (Mr. Laurin), that he may plead with the government, as the latter wishes to decrease the unemployment, especially when the city of Montreal must have in its treasury $1,280,000 which has not been expended although authorized to do so. The government can help to complete this work by its contribution as it did for the construction of the Wellington street tunnel.

Mr. BARRETTE (Translation): Are you for or against this bill?

Mr. MERCIER (St. Henri) (Translation): What bill?

Mr. BARRETTE (Translation): The bill in connection with public works submitted to the house.

Mr. MERCIER (St. Henri) (Translation): In principle, I am in favour of the bill. On the other hand, I find nothing for the western section of Montreal; no work was provided for that part of the city in order to relieve the unemployed.

I am not one of those who envy their fellow-citizens or any particular member because he obtained work for his county, for I am aware that it will benefit the people of his constituency; however, I hope that Liberals as well as Conservatives may be given work. What I dislike, is that the government seems to ignore that, in the western section of Montreal, there are also people unemployed. It is thought that they will be able to take care of themselves when the dole is discontinued; when such a useful undertaking as the tunnel under the Lachine canal, at Cote St. Paul, is set aside, when the Tram-

way Company was to contribute one third, as it did for the Wellington street tunnel; the city of Montreal, one third, and the Dominion government also one third; it simply shocks me. I state that this work should be carried out in this ward separated from the rest of the city by the Lachine canal. Did not the Lachine canal cost enough, last autumn, to the railways and canal department, I ask the Minister of Marine or the Minister of Public Works, when it froze, in November, and the tramway service was interrupted for days, necessitating detours by adjacent streets, on routes under construction, and when special squads had to be despatched to break the ice at Cote St. Paul, so as to allow free navigation? I state that we must remedy this state of affairs. I am aware that it was a Statute of Quebec which I quoted, but as one of the representatives of Montreal, I know that its administrators are in a position to carry out numerous enterprises to relieve unemployment. I appeal to my hon. colleague, the member for Jacques Cartier, in order that his constituents of St. Paul may cherish his memory after the next election, in order that his people may appreciate this worthy act of the present administration of the city of Montreal which intends to request the Dominion government to build this tunnel. The hon. member for Jacques Cartier is on excellent terms with the administrators of the city of Montreal and is the Dominion organizer of the Conservative party in the Montreal district; he is a friend of Mayor Houde and of the chairman of the executive, Mr. Savignac. Under such circumstances, he can help the member for St. Henri in his just claim for public works. I feel certain that the Government would not like it to be said that it does not carry out its promises by not having this work done. That is why I appeal with confidence, in order to obtain, for the western section of Montreal, the new tunnel under the Lachine Canal to which it is entitled. At the same time, according to the special measure enacted by this house, the government should show its kind feelings towards the Canadian National, by doing away with the level crossings in the western section, and these dangerous barriers, where so many people are killed each year, just as they have been done away with throughout Canada. The viaduct should replace, in this period of railway progress, the frightful and dangerous level crossings.

Mr. W. W. KENNEDY (Winnipeg South Centre): Opposition is expressed to this bill on the ground that some constituencies have been favoured more than others. It seems to me that the principle has been followed that, inasmuch as this program of public buildings is an anticipation of the needs of the country, public buildings shall be erected in those centres where unemployment conditions are greatest. It appears throughout the bill that that principle has been followed. I will not detain the house, but I would refer particularly to the city of Winnipeg, one of the constituencies of which I have the honour to represent in this house. In that city throughout the winter there have been over 30,000 people on direct relief. Much criticism has come from members representing some constituencies, but I feel that I should take this opportunity to convey to the government my appreciation, and through me the appreciation of the citizens of Winnipeg, of the fact that this bill has provided for public undertakings in that city approximating $2,000,000.

For years those engaged in the building trades, artisans and others, have been unemployed and have drawn upon all their resources until they are exhausted. This forward step in providing work with pay instead of doles is very greatly appreciated in Winnipeg, as I have no doubt it is in all parts of the country, and so, on behalf of that city, I take this occasion to convey to the government and the Minister of Public Works Winnipeg's appreciation of the fact that they have seen fit to undertake in Winnipeg works which can be economically carried out to the extent of $2,000,000. It is a welcome forward step.

In common with many other cities in Canada, Winnipeg would like more, but even though it would like more, I desire to express our appreciation of what is being done. One point I would like to stress is that there seems to be some confusion arising out of the nature of the works that are to be carried out. The city of Winnipeg have urged upon the government certain projects as being necessary, such as the sewage disposal system, that are not included in this program. It is only fair to point out that this program has in contemplation only works that are strictly federal in their nature. This does not mean that other works to which contributions will be made by the municipalities and by the provincial governments will not be undertaken.

I would like to draw the attention of the government on this occasion to the fact that in Winnipeg, while this is a welcomed step, yet they expect that additional work will be undertaken by the city in conjunction with the province of Manitoba and the federal government whereby further employment will be provided to Winnipeg labourers. I would

ask the government to give its earnest consideration to representations that have been and will be made looking to works such as sewage disposal which will give employment to many unskilled labourers in that city. I would like to refer particularly to the municipality of St. James which adjoins Winnipeg and which welcomes the fact that in that municipality there will be constructed an addition to the Deer Lodge hospital costing $250,000, which will give employment to certain skilled artisans, but there are many there who are not skilled, who are in the unskilled labour class and who will still be without relief. So I urge upon the serious consideration of the government and particularly of the Minister of Public Works (Mr. Stewart, Leeds) that they take up with the province of Manitoba, the city of Winnipeg and the municipality of St. James these further undertakings which will give employment to what might be classed as unskilled labour.

During this session there has been conducted an investigation known as the Stevens' committee on price spreads which has disclosed conditions affecting labour that any hon. member will agree are scandalous. Without going into them in detail, let me direct the attention of the government and particularly of the Minister of Public Works to this point: it seems to me that the government should lead the way in ameliorating conditions, so I suggest that not only in all contracts which may be let there shall be included what is known as the fair wage clause guaranteeing to those who are employed the fair wage scale, but, more important still, that they make it their business to see that the terms of the fair wage clause are carried out. Tenders are called for by this and provincial governments from time to time for the filling of orders. It is true it is laid down in the contract that the man or firm receiving a contract shall conform to the minimum wage law of the province in which he carries on his business. That is the letter of the law but it is my confirmed belief after the investigation which has taken place that in ninety per cent of the cases the law is evaded. So I suggest to the government that not only the fair wage clause be included in all contracts but they make it their business to see that the inspectors, instead of warming the seats in their offices, go into the factories, the shops of those concerns and see that the laws are obeyed. I suggest that in every contract that is let there be included not only a clause that the provisions of the minimum wage act or fair wage laws be carried out but a very stiff penalty so that any firm receiving a contract in connection with those public buildings will find that it is to its interest to carry out the contract not only in letter but in spirit. I suggest that to that end every firm which tenders upon one of those contracts, certainly every firm whose tenders are accepted, shall post with the government a bond in sufficient amount to guarantee the carrying out of the fair wage schedule, and if it be found on investigation they do not live up to that schedule, that such money be forfeited.

Mr. A. E. MacLEAN (Prince): Mr. Speaker, just before this bill goes into committee I would like to make a few remarks and bring to the attention of the house a resolution that has been passed by the board of trade of the town of Summerside. In looking over the amount that is allocated to Prince Edward Island, I notice that it is less than $100,000; in fact, it is only $97,000. If we take proportional representation over the dominion, an amount of $40,000,000 would mean an average of about $4 per head.

Mr. STEWART (Leeds): Is my hon. friend taking into consideration in any way whatever the general vote out of which substantial amounts may be spent in his province?

Mr. MacLEAN: I think the minister should wait until I get started. If he wants to know about the general vote I think I can make a good long speech on that, because in the general vote there is nothing for Prince Edward Island. There is an item for the province of about $50,000, but in the past years we in that province have had amounts ranging from $229,800 in 1928 to $339,800 in 1927. Now my hon. friend comes along and says: We will give you $96,000, and because there might be some repairs made out of the main estimates you had better sit down and keep quiet. I am not going to do that; I am going to present my case. If we got our just rights according to population we should receive out of this grant some $332,000. People may say: There is no unemployment in Prince Edward Island. So far as unemployment money is concerned that province has received less consideration from this government than has any other province. We could have used the money there very well, but the people are not built that way, to use a common expression, and they get along in the best way they can. But when the minister says that they are going to spend this money only where there is unemployment he can come to Prince Edward Island and he will find that our people down there can use a good portion of this amount. The board of trade of Summerside have sent me the following resolution, and I have

written to the minister in connection with the same:

I am directed to communicate to you two resolutions adopted by this board of trade at a meeting held on the 11th instant. These were sponsored by the recently formed agriculture committee of the board and thought to merit support.

1. "That in the event of a government grant being available for public works, serious consideration be given the construction of rust-proof warehouses for potatoes at various railroad stations throughout this province."

2. "That the department of public works be asked to fortify against frost the warehouses on the government wharf at Summerside, by papering and sheathing the studding inside the building and by stopping the drafts under this building."

This is signed by R. A. Gordon, secretary of the board of trade.

Now, I have no objection to this work being done, but what we all wonder at is why this program was not brought down in the regular way in the main estimates. I think my hon. friends opposite will have a lot of difficulty explaining to the country why they told the country they were saving $17,000,000 in the estimates, heralded it in big headlines all across the country from coast to coast, and then at this late date come in with this bill to expend $40,000,000. It is only a belated effort, it should have been in the main estimates as in former years. In the province of Prince Edward Island we have always received from $229,000 to $340,000 per year for public works under the Liberal government.

THE ROYAL ASSENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly the house went up to the Senate,

And having returned,

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General, had been pleased to give in His Majesty's name the Royal Assent to the following bills:

An Act for the relief of Aziz Koudsy, otherwise known as Eddie Coudsy.

An Act for the relief of Marjorie Seymour Hammond Zavitz.

An Act for the relief of Lucille Margaret Turbin Kelly.

An Act for the relief of Esther Liverman Kazenel.

An Act for the relief of Aileen Marie Thompson Robb.

An Act for the relief of Doris Jones Earp.

An Act for the relief of Jean Gordon Worden Ellis.

An Act for the relief of Mary Alice Beatrice Featherston Moxon.

An Act for the relief of Ethel Irene Probert.

An Act respecting Courts of Admiralty.

An Act respecting the Caughnawaga Indian Reserve and to amend the Indian Act.

An Act to amend the Inquiries Act.

An Act respecting the Canadian Pacific Railway Company.

An Act to incorporate Ancient Foresters' Mutual Life Insurance Company.

An Act respecting the Bureau of Translations.

An Act to amend the Soldier Settlement Act.

An Act respecting the Canadian National Railways and to authorize the provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1934, and to provide for the refunding of certain maturing financial obligations.

An Act respecting Dominion Companies.

An Act to amend the Quebec Savings Banks Act.

An Act to amend the Customs Tariff.

An Act to amend the Canada Grain Act.

An Act to amend the Royal Canadian Mounted Police Act.

An Act to amend the Special War Revenue Act.

An Act respecting Banks and Banking.

An Act to amend the Foreign Insurance Companies Act, 1932.

An Act for the relief of Mary Mabel Taylor Johnson.

An Act for the relief of Blanche Marjorie Short Hanson.

An Act for the relief of Fenwick William Smith.

An Act for the relief of Edward Headley Acland.

An Act for the relief of Ella Gertrude Bush Adamson.

An Act for the relief of Helen Cohen Levine.

An Act for the relief of Annie Rosner.

An Act for the relief of Grayse Irene Westlake MacLaren.

An Act for the relief of Naomi Willard Lyman Robertson.

An Act to amend the Meat and Canned Foods Act.

An Act to amend the Canadian and British Insurance Companies Act, 1932.

An Act to amend the Dominion Notes Act.

An Act to repeal the Finance Act.

An Act to repeal Chapter four of the Statutes of 1915.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1935.

PUBLIC WORKS CONSTRUCTION ACT

The house resumed consideration of the motion of Hon. Mr. Stewart (Leeds) for the second reading of Bill No. 113, to provide for the construction and improvement of certain public works and undertakings throughout Canada.

Mr. A. E. MacLEAN (Prince): I notice that $56,000 of the amount allocated to

Prince Edward Island is for dredging. No doubt all hon. members will agree that that is an operation which is taken care of almost every year in the general vote. In looking up the estimates for the year 1929 I noticed that for the maritime provinces there was a vote of $540,000 for dredging. I think hon. members will agree with me that dredging is a work which will not give very much employment to those who are out of work. Two dredges have been tied up in the province of New Brunswick since 1930 when they should have been doing important work, and they have remained tied up ever since this government took office. Now, on the eve of a general election, these dredges will be put into operation and sent over to the province of Prince Edward Island to do work costing $56,000. No doubt my good friend from Gloucester (Mr. Veniot) will see that a crew of good New Brunswick men are on the boat when she comes over to my province to do the work. If that is the case I do not suppose the men in Prince Edward Island will derive very much employment from those dredging operations.

Section 7 of the bill provides that works up to $25,000 may be done without tender. When only a few years ago hon. members now sitting on the government side sat in opposition they were strong in their condemnations of the government then in power because it did not call for tenders even on contracts below $5,000. The Public Works Act states emphatically that works costing over $5,000 must be let by public tender. I regret that the department has departed from the old regulation and by the present legislation has overruled it. I believe that is one feature of the bill which the people will look upon with a little suspicion and they will wonder why the government has taken such action. In 1930 there were appropriations for a great many public works in the province of Prince Edward Island, but I regret to say that when hon. members took office they saw fit to cancel them. I remember that certain of our people have been asking ever since confederation for a vote for a boat harbour at Skinners Pond in the constituency I represent but no government had been good enough to put an amount in the estimates for that work until in 1930 we succeeded in getting an amount of some $30,000, and it would have been of great benefit to the fishermen of that community if the work had been allowed to go forward, but the Minister of Public Works has seen fit to cancel that very important work, and the fishermen in that community have had to labour under very great disadvantages ever since.

I would like to point out again that instead of Prince Edward Island receiving $332,000, which would be our share of this appropriation on the basis of population, actually we are receiving only $97,000. I can scarcely understand why that should be so, because there are three very strong supporters of the present government sitting on the other side of the house, and one of them is a member of the cabinet. I had really hoped that this program of public works would have been much larger than it is. There are a great many ways in which money could be spent to splendid advantage in the province of Prince Edward Island. Works are needed to be done and the money could have been spent in that way for the relief of unemployment. I hope that even at this late date my good friend the Minister of Public Works will see fit in the supplementary estimates which he will bring down before the close of the session to provide some larger amounts to take care of the needs of the province of Prince Edward Island.

Mr. I. D. COTNAM (North Renfrew): Mr. Speaker, I assume that the purpose of this bill, No. 113, an act to provide for the construction and improvement of certain public works and undertakings throughout Canada, is more or less to provide relief for unemployment. I should like to know from the Minister of Public Works on what basis the relief has been apportioned to the various constituencies throughout the dominion.

Yesterday the leader of the opposition attempted to build up a case apparently to show that his constituency of Prince Albert had been neglected in this program of public works because it happened to be represented by himself, a Liberal. My complaint to-day is that the constituency of North Renfrew, as well as the constituency of South Renfrew, and we can hardly consider them yet in the Liberal fold, have not received any consideration at all in Bill No. 113.

More than that I notice that this good city of Ottawa, and you could hardly say it has been represented by a Conservative member for many years—

Mr. CHEVRIER: Hear, hear.

Mr. COTNAM: Naturally my good friend from Ottawa feels very pleased with the appropriations that are made in this bill for the city of Ottawa, because the city of Ottawa manages to get in this bill about $2,464,000, while up in the Ottawa valley, where we have Conservative members, we receive absolutely

nothing. So the government cannot be accused of political partisanship in the way in which these moneys are being apportioned.

We have in the constituency which I have the honour to represent, and more particularly in the town of Pembroke, a very serious unemployment situation. In that town we have a population of 10,000 people and during the last three or four years our unemployment situation has been very acute, for various reasons probably more or less geographical in character. In the Ottawa valley industry in that particular locality has been largely confined in the past few years to the lumber trades. We had two large mills situated in that locality, but they have scarcely operated at all in the last four years, and that is also true of the branch factory of the Eddy Match Company where they manufacture match splints for export. Unemployment has been rife in the town. We have between 350 and 400 families at the present time drawing direct relief, and the town is now in the hands of a board of supervisors.

On various occasions in the past it has been necessary to carry on certain dredging operations in that locality. Last year during the period of low water in the Ottawa river, and that situation was more or less prevalent throughout the Dominion of Canada, the water was so low that for a time it seemed that even these wood-working plants that were operating would be compelled to close down because their logs were exposed, and it was almost impossible to bring them into the mills from the areas where they were boomed in. That condition became very acute, and this year it has become aggravated, as the minister well knows, because of the fact that the Timiskaming dam went out a few years ago, adding to our difficulties in the lower stretches of the Ottawa river. When these logs are out of the water and exposed to the sun, the management there tell me that eventually the logs become almost unfit for the purpose of making match splints.

I have urged on the minister at various times the necessity for taking some action that would be more or less permanent in character. At the present time they contemplate rebuilding the Timiskaming dam, and claim that if that is done it may relieve the situation but I would like to point out that even when the old Timiskaming dam was on the upper stretches of the Ottawa river we still had our difficulties with low water levels on the lower Ottawa, and it is not at all certain that the Timiskaming dam even when it is rebuilt will relieve our difficulties in the town of Pembroke and in those localities situated below the town. At various times dredging operations have had to be carried on, but as everyone knows they are not of a permanent character, and have to be repeated year after year. In a locality of that kind it would appear that you do not get much for your money spent on dredging because in the end the silt and dirt fill up the part that was dredged and it is only a matter of time until you are as badly off as before.

I have urged on the minister at various times the necessity for having his engineers study the local water situation on that section of the Ottawa river at the town of Pembroke. It has been proposed that a regulating dam might be constructed below Pembroke two or three miles to take care permanently of the low water levels on the Ottawa river. There has been a very strong agitation in the town of Pembroke and also in the county of Pontiac across the river in the province of Quebec. On Allumette island we have about four thousand people, and during the late fall months when the ferry does not operate and again in the spring these people are practically marooned on that island for from four to six months. They have no hospital facilities, and consequently there is a very serious situation of times for these people. For many years there has been an agitation that a bridge should be constructed which would link the mainland of the Ontario shore with Allumette island across the river. I think plans and specifications have been drawn up in the Public Works department, but the proposed structure was always too expensive apparently Moreover, this entailed the cooperation of the provincial governments of Quebec and Ontario and the federal government at Ottawa. Probably the first demand should be made by the people of Quebec, as the people living on Allumette island are the ones who would be primarily interested in having a bridge at that point. On the other hand, such a bridge would be of decided benefit to Pembroke and that section of Renfrew county. Pembroke is a natural market for the farm products of the island as well as the wood products which are sold in large quantities to the wood-working plants in Pembroke. As I say, during the spring and fall of the year these people are shut off from their natural market sometimes for weeks at a time.

A regulating dam at Morrison's island, just below Pembroke, would take care of the low water level situation which affects the wood-working plants in Pembroke and at the same time it could be so constructed that if at some time in the future Ontario and Quebec were willing to enter into an agreement with the federal government, it could be utilized as part

of a bridge project. The lack of a bridge is a very serious matter to the people on Allumette Island. I am pleading as much for the people of Pontiac county in Quebec as I am for the people of Pembroke. If this regulating dam were constructed its cost could be considered as the contribution which the federal government might wish to make to a bridge project which might be carried out eventually.

I cannot conceive of a more opportune time to carry out this work. It would provide employment to the 350 or 400 unemployed in Pembroke. Employment would be provided during this coming year and until the lumber industry comes back a little more than it has up to the present time. I urge the minister to give this Tory constituency a little more consideration in this Bill No. 113. Perhaps out of the generosity of his heart even at this eleventh hour he may be able to give us a little consideration. I am vitally interested in the providing of work for the unemployed of Pembroke and I cannot conceive of any other undertaking which would prove to be of more benefit to those people than the erection of this regulating dam.

Mr. FINLAY MacDONALD (Cape Breton South): Mr. Speaker, I had intended reserving my remarks until the item in the schedule in which I am particularly interested was reached but as most hon. members have been making their appeals on the second reading and as it may facilitate the passing of the schedule as a whole, I want to take a few minutes to present the case of Cape Breton South. There is but one item in the schedule, one for $11,500 to cover a warehouse extension at Sydney. Of course, we are very grateful for that but I want to point out to the minister, as I have already pointed out, that this amount is totally inadequate to meet the requirements of Sydney as far as wharf extensions are concerned. In order that the business now passing through Sydney harbour can be handled, a large extension should be made to the wharf erected by the late government. The expenditure of $200,000 is needed to furnish proper facilities to handle the freight now passing through this harbour. We now have five lines of steamers serving a population of 70,000 within a radius of fifteen miles. The present wharf is capable of holding but one steamer and the warehouse will not accommodate the freight landed from that one steamer. Numerous representations by the city council and the board of trade of Sydney have been made and some severe condemnation has been passed upon my humble self for the lack of activity in securing this vote. I want to assure them that this has not been from any want of diligence on my part. I think the minister will testify that I have bothered him quite often in connection with the matter and at one time I thought I had convinced him as to the justice of our case. If it is at all possible, I appeal to him to give some consideration to this matter. We have the Newfoundland and Canada steamship line; we have the Provincial steamship line; we have the Nova Scotia steamship line; we have the Canada steamship line and in addition we have been given the promise that two large ocean liners will call at Sydney next summer. None of these boats can be accommodated at the present wharf. I am not entirely hopeless in regard to this matter as I know that when the minister is convinced of the necessity of this extension, it will be put through.

There is one other appeal which I want to make and which is possibly based on stronger grounds. I refer to the construction of a public building in New Waterford. This is a mining town of about 8,000 population and is possibly one of the most up-to-date towns in eastern Canada. It has a hospital, school, water service, concrete sidewalks, paved streets —and a post office in a shed on a back street.

Mr. COTNAM: I have one like that.

Mr. MacDONALD (Cape Breton): Not quite as bad as this. The former Postmaster General (Mr. Veniot) visited this town in 1930 and was so convinced of the necessity of a public building that he made strong representations to the former Minister of Public Works (Mr. Elliott). He did not succeed in convincing that hon. gentleman of the necessity of the work. But in 1931 the present government was convinced of the necessity of it and an item was passed in the estimates for $45,000. The site for the building was secured; tenders were called for, plans and specifications provided, and the contract given for the construction of the building. The contract was cancelled before construction began and from that time to this we have been pleading in vain for a public building there. Naturally the people of that town are very much incensed. It is to be expected that they will pass, and as a matter of fact they did pass, very censorious resolutions on the government and on the humble individual supporting that government; but I have no doubt on this point, that the minister will admit there must have been an oversight in connection with this building for which provision had already been made in the estimates in 1931. But preparations will be made for the erection of the building before many months have gone by.

There is one thing that is rather amusing to the people of the island of Cape Breton.

For many years that island has been the water carrier and the wood hewer for the rest of the province of Nova Scotia. Cape Breton has been carrying Nova Scotia on its back for over a hundred years. We have the natural resources in that county, and the coal royalties have contributed the large portion of provincial revenue; but we get very little in return for it. Before 1820 Cape Breton was a separate province, but in 1820, through the characteristic stupidity of some of the English aristocrats of that day, it was tied on to Nova Scotia and ever since then it has been the tail of the dog. So that it is rather natural that we should feel a little resentful when large amounts such as appear in this bill are sprinkled over the rest of the province on the ground that they are for national ports. May I tell this house and the country too that the natural national ports of Canada are in the island of Cape Breton. Artificial ports have been built up at Halifax and Saint John and many millions have been spent in their construction; but the time will come when the very forces of geography will work so that the town of Louisburg will come into its own, and the city of Sydney as well. Let me give one illustration of the injustice perpetrated on that little town of Louisburg. In 1758 it was taken by the English. At that time it was the most important French fortress in Canada. By the taking of Louisburg the taking of Quebec the following year was made possible; had Louisburg not been taken Quebec would never have been taken. At that time over $25,000,000 had been spent in fortifications in Louisburg but they were all destroyed and Halifax was built up. Since that time millions upon millions have been spent decorating the Plains of Abraham in Quebec city while Louisburg, a town of such historic importance, has been languishing.

I want to close with one last appeal to the minister. I hope, and I have reason to hope, that within the four corners of the act itself some provision will be found to remedy what we at least consider a great injustice to the county of Cape Breton.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

EXCISE ACT AMENDMENT

FREE CONFERENCE WITH THE SENATE IN VIEW OF AMENDMENTS

Hon. R. C. MATTHEWS (Minister of National Revenue): By unanimous consent of the house I move:

That a message be sent to the Senate respectfully requesting a free conference with Their Honours to consider certain amendments made by the Senate to Bill No. 89, an act to amend and consolidate the Excise Act, to which amendments this house has not agreed and upon which the Senate insist, and any amendment which at such conference it may be considered desirable to make to said bill or amendments thereto.

That the clerk do carry the said message to the Senate.

Motion agreed to.

PUBLIC WORKS CONSTRUCTION ACT

The house resumed consideration of the motion of Mr. Stewart (Leeds) for the second reading of Bill No. 113, to provide for the construction and improvement of certain public works and undertakings throughout Canada.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, before Bill No. 113 is given its second reading, I should like to make a few observations with regard to its negligible operation in the northern part of Saskatchewan. I recognize the principle of a public works program in the curtailment of unemployment; I believe that is a generally recognized principle on and off this continent. I recall, I think it was in 1928, the Senate of the United States appointed a special committee to investigate unemployment and to report thereon. If I remember correctly, about the same year a committee of the House of Commons in Great Britain was appointed to investigate unemployment conditions and to report thereon. In both those reports the principle of a public works program was accepted; I might say that it was only accepted as one factor therein because it was not the only solution put forward for the relief of unemployment. Another principle was education; another, immigration; another, monetary reform; still another, industrial reorganization and, lastly, freer trade. But we are dealing to-night with a program of public works and I would like to speak briefly in a general way for Saskatchewan and in a particular way for the constituency of North Battleford.

I would like to deal with three points and, as I said, somewhat briefly. First, in looking at the preamble of the bill I notice that the argument is put forward that the construction program outlined therein will be for the general advancement of the country and to accelerate recovery. Possibly it may accelerate recovery; I believe it will to a certain extent, but this acceleration will be only sectional and not national. Consequently I fail to understand why the word

"national" is used in the preamble, because it seems very evident that the legislation is in a paramount way sectional and not national.

If we look at the bill from the standpoint of a percentage basis, what do we find? We find an approximate appropriation of $39,000,000 for Canada and as Canada has a population of slightly over 10,000,000, that means about $4 per capita. Saskatchewan has a population of approximately 1,000,000, so at $4 a head we ought to have on a mathematical or percentage basis about $4,000,000 spent in the province. How much is to be spent in that province? We find that the only amount to be spent in Saskatchewan is $675,000, or practically one and one-half per cent. Therefore, if we look at the problem from the standpoint of population, the proportion ought to be around at least ten per cent, which would mean well over $3,000,000 or $3,900,000 odd.

Mr. STEWART (Leeds): In arriving at these figures does the hon. member in any way take into consideration the large general votes for that province?

Mr. McINTOSH: No, I do not, and so far as northern Saskatchewan is concerned there is no large vote. As I will show by the time I have finished, there is in the main estimates hardly a dollar for northern Saskatchewan.

Again, if hon. members will look at the problem from the standpoint of area, Saskatchewan has an area of one-thirteenth or one-fourteenth of that of Canada. If you divide the amount by thirteen or fourteen, you will still get about $3,000,000. So, on a double count, from the point of view of population and area or of special need Saskatchewan is not getting a fair deal in the legislation now before the house. That is one point.

Let me proceed now to deal with the performance that we are going to get under this measure. From a percentage or mathematical point of view the thing is absolutely wrong so far as Saskatchewan is concerned; it cannot be defended, and as a representative of northern Saskatchewan I want to protest and to put some facts in a very plain and emphatic manner before hon. members on both sides. I reviewed the percentage principle that is lacking in this legislation; let me go on to see what the performance is. The performance is simply spending in Saskatchewan $675,000 out of a total of $39,000,000. Where is this money to be spent? In two Conservative ridings in that province, one in the constituency of the hon. member for Regina (Mr. Turnbull), and the other in the constituency of the hon. member for Rosetown (Mr. Loucks). To prove that this is a political bill, I may say that the hon. member for Rosetown went home during the provincial election and on the platform in Saskatchewan used the argument that there was going to be a bridge built over the South Saskatchewan river at Outlook and in that way he tried to hold one of the local ridings for the Tory party. He could not do this; he hopelessly failed, but the very fact that he used this argument is proof positive that the foundation of this bill is to a very large degree political.

Let me go just a step further. In 1931 we had a letter from the Dominion Unemployment Relief department, Ottawa, under date of August 7 of that year and we were asked to report on undertakings in our constituencies that would alleviate or somewhat reduce unemployment. I fancy all members from western Canada, whether Conservative or Liberal, did report. Personally, I know I reported but there was nothing done. What was reported on about three years ago? I said: If you want to handle unemployment in northern Saskatchewan there is much work to be done. For instance, my right hon. leader (Mr. Mackenzie King) referred the other day to colonization roads. That was one of the undertakings I recommended three years ago. Colonization roads should be built for the farmers of northern Saskatchewan if the government was going to undertake any relief program. Then certain other roads could be built for better transportation facilities. Further, the Beaver river, 200 miles north of North Battleford and 100 miles from Meadow Lake could be cleared of some of its rocks in order to improve transportation facilities between that great northern area and northern, central and southern Saskatchewan. But in this bill nothing is to be found with regard to any of those greatly needed facilities. More than that, I also recommended that the bridge at Ceepee on the great traffic artery from North Battleford to Saskatoon be built over the North Saskatchewan river, if there was to be any real undertaking started with a view to solving the unemployment problem in that part of the province. I have here a telegram from the North Battleford board of trade on that point. It reads as follows:

North Battleford, Sask.,
June 21, 1934.

C. R. McIntosh, M.P.,
House of Commons, Ottawa.

Executive of North Battleford board of trade keenly disappointed that there is no provision in announced relief program for work in northwestern Saskatchewan. Strongly urge

representations be made to government to steel St. Walburg-Bonnyville railway; also to construct traffic bridge over North Saskatchewan river at Ceepee.

F. Wright,
Commissioner.

So you have in that telegram the North Battleford board of trade supporting the request for the building of this bridge at Ceepee, and also strongly backing up the placing of rails on about seventy miles of grade north of St. Walburg towards Edmonton. But in the bill there is not a word about these two great undertakings in the constituency of North Battleford.

Then I have a resolution here from the rural municipality of Great Bend, No. 405. It reads as follows:

Whereas there is a possibility of a bridge being constructed across the North Saskatchewan river in the near future, as a relief measure;

We, the council of the rural municipality of Great Bend, No. 405, wish to go on record as petitioning that this proposed structure be at the present Ceepee ferry crossing, believing this to be the logical and strategical point for the same, as records will show that this ferry crossing in the past has carried the heaviest load in the province, and is also on the main No. 5 provincial highway.

We would also urge that this work, once approved, be commenced at the earliest possible date, as it would be of considerable assistance in alleviating the relief burden of the adjacent municipalities.

There you have a resolution from a rural municipality and a wire from the North Battleford board of trade backing up what was recommended over three years ago, and this government has been in power now going on four years and has made no attempt to use a dollar of relief money in building colonization roads in the north, or improving transportation between the north and south or doing anything else in a constructive way to help unemployment conditions in the whole of that great northern area.

Mr. QUINN: Their representative in parliament is not effective.

Mr. McINTOSH: If my hon. friend will just attend to Halifax that will be all he can do in the next election. My hon. friend has sung his swan song; his political dirge has sounded.

Mr. QUINN: Will the hon. gentleman come and run against me in Halifax? I challenge you now to come down there.

Mr. McINTOSH: I might consider that. May I say it would be a very easy run. My hon. friend would be buried with ballots. I might invite him to come to North Saskatchewan and be politically submerged.

[Mr. McIntosh.]

An hon. MEMBER: He cannot get over the bridge.

Mr. McINTOSH: There is one thing more I want to mention. This bill runs true to form, true to the policy of high protection that has been guiding the destiny of this country for the past four years. It is eminently selfish. Whenever we get a Tory government putting forward high protection principles under the cloak of unemployment relief we can bet our last dollar that the essence of the legislation is selfish, and sectional, and costly. If unemployment is going to be cut down there is only one way to do it. This program may help, but it will not solve the problem. What must be done is to take down the tariff barriers between Canada and the empire and the world. We have to liberate internal trade by ending artificial price control and trade restrictions. In this bill there is no attempt to do that, consequently as far as a solution of the unemployment problem is concerned I am afraid it will be at best but a half way measure. Then we have to liberate external trade; internal and external trade go together. We have to liberate trade in every direction to help Canada and to enable Canada to help liberate the world. By doing that the Liberal party believes we shall get business, and the moment we get business our industries will get busy, our farmers will be able to sell their produce at home and abroad and unemployment will gradually disappear. In other words, we desire to promote trade with all nations, not only with the empire, not only internal trade, but trade with all the nations of the world, by abolishing the extravagant increases in tariffs that have taken place from 1930 on.

Mr. QUINN: Look at your own record for the last nine years.

Mr. McINTOSH: Only thus can a contribution be made to the solution of the unemployment problem. In closing let me again express my regret that the Minister of Public Works has done nothing constructive to help conditions in northern Saskatchewan; he has made no attempt to work out a bill on a sound and fair basis; he has done nothing that will mean really anything to northern Saskatchewan. Lastly he has done nothing that will help to free internal or external trade and thereby overcome the serious difficulties that to-day affect the whole of Canada from one ocean to the other.

Mr. R. W. GRAY (West Lambton): Before the question is put I would like to have just a minute or two to mention three items that affect the constituency of West Lambton

which I represent. First may I thank the minister for including in the estimates provision for the completion of the public wharf at Sarnia by placing on it the warehouse the building of which I have been urging for the past three years. The minister is quite conversant with the need for this, and at one time the matter had proceeded so far that tenders had been called, but then the red pencil of the government struck it out. In making this grant for the completion of work begun by the late government we shall have brought it to a successful conclusion and will be in a position to utilize to better advantage the fine natural waterfront of the city of Sarnia.

In connection with the experimental cold storage plant for the onion growers of that constituency, I quite appreciate that this is an experiment. I do not believe that the amount is sufficient, but when one gets even a crumb from the table of this government I suppose he should be satisfied. I rise in particular to protest—I am sorry to do this, especially in view of the fact that I do not see in the house any member from the county of Essex—because I find included an item of $600,000 to build an elevator at the city of Windsor. In other words the government is going into the elevator business in competition with the Georgian bay ports, Collingwood, Owen Sound and Goderich. The hon. member for North Huron (Mr. Spotton) should be here. The minister kindly received this week a delegation representing these various ridings, consisting of three members of his own political faith together with the representative of the constituency of West Lambton. The views of these gentlemen and of the elevator owners, namely the municipalities in which they are built, have been fully placed before the Minister of Public Works. He quite properly stated that he is carrying out the building program which has been placed on his lap. He did not in any way attempt to shirk responsibility for the item, but he did state, and I believe quite truthfully, that the item of $600,000 had been placed in the schedule on the recommendation of the Minister of Trade and Commerce (Mr. Stevens) who, I am sorry to say, is not in his seat. The deputation was received by the Minister of Trade and Commerce, who is therefore quite conversant with the views of these municipalities. As I have said I am sorry not only that the members from the Essex constituencies are absent, but that hon. gentlemen representing the constituencies in which are Collingwood, Owen Sound and Goderich are not in their places and are therefore not in a position to add to the protests I am making.

The reason given for including this item providing for the erection of an elevator at Windsor is that there is a need to stimulate the growing of corn in the great southwestern Ontario corn belt consisting of Lambton, Middlesex, Kent and Essex. The facts have already been presented indicating that already there is at Walkerville an elevator capable of taking care of 400,000 bushels of corn. At that elevator they have the driers, cleaners and all the equipment necessary to carry on the operation. An attempt has been made to stimulate the growth of corn in those counties, and should the government desire to lease the plant it would be available at a very nominal rental. Yet, despite this fact, at least for the moment—and I say that because I still believe the government will give serious consideration to our representations which may not have been made until after the item was placed in the schedule—the situation I have described exists. First, as I have said, there is no need for this building, and although I have already placed the reasons before the house I shall repeat the chief one, namely that there are already facilities at that point. Secondly there is the fact that the municipality I represent—and I do not pretend to speak for the others—is already in the elevator business on the strength of the fact that elevator capacity sufficient to serve the grain trade was needed at these various points. In the city of Sarnia we constructed at a cost of $800,000 an elevator with a 2,000,000 bushel capacity. The municipality issued the debentures, and then by an agreement with the elevator company extending over a twenty year period, entered into an arrangement whereby there would be a return. At the moment the elevator company in Sarnia have managed to keep up their payments of principal and interest, but there is still the sum of $665,000 owing. If the Toronto Elevator Company Limited, owners of the Sarnia elevator, did not buy their own grain, bring it down, and look after it in the businesslike way in which they conduct their business, our elevator would not be filled today, and they would not be able to pay the interest and the principal as it falls due. Yet the government is now proceeding to enter into competition with these municipalities who have staked their financial backing in order to encourage the grain trade of the dominion. I say that if it were only a matter of stimulating the corn trade in the counties I have mentioned I would have no complaint.

If we could label the elevator which the government proposes building with the words "for corn only," I would have no complaint. But it cannot be believed that this elevator will not enter into direct competition with the elevators on the bay ports, Goderich and Sarnia. The government is placing in jeopardy the faith of these municipalities in respect of the elevator companies when it goes out into competition with them.

As I have stated, the Minister of Public Works, the Minister of Trade and Commerce and the Prime Minister are now fully conversant with the facts. Although the item will be reached again in committee I do not intend to repeat what I have said. I earnestly suggest to the minister that before the government enters into open competition with the municipalities who have shown their faith in the grain trade by investing in these elevators at various points, he should consider seriously the representations which have been made to him during the past week. I am glad to see the Minister of Trade and Commerce has now taken his seat, and I suggest he should instruct the Minister of Public Works not to proceed with the construction of the elevator named in the schedule which, I submit, would be in the nature of a duplication and an unnecessary expenditure.

Mr. ROBERT McKENZIE (Assiniboia): Mr. Speaker, I desire briefly to join with the other hon. members from the province of Saskatchewan who have preceded me in the debate, and to express my dissatisfaction with the amount of money to be allocated to our province. We find only two items; one is a bridge at Outlook costing $275,000 and the other a public building at Regina costing $400,000.

Mr. McINTOSH: About half a million dollars.

Mr. McKENZIE: These votes would not have a tendency to relieve the strain in that part of the country where relief is most needed. I have always had some doubt as to the advisability of erecting public buildings as a means of relieving unemployment, because a great deal of the money expended in such works goes towards the purchase of material and for purposes other than the payment for actual labour.

Speaking in this chamber on February 8, I drew to the attention of the government a proposal for the constituency I have the honour to represent, and one which I believe would result in more unemployment relief than either of the proposals outlined in the bill. I referred on that occasion to the proposal to erect a dam over the Souris river west of the town of Estevan. The purpose of the dam in the first place would be to control the flood waters of that river and to give a regular water supply to this growing town. It would also ensure a water supply for the developments which they hope to carry on at that point. The cost as estimated by the engineers who went over the ground a year or two ago was $125,000. The work consists in scraping down two hills into the ravine and river bottom, thereby forming a dam. The width of the space between the two hills is between 1,900 and 2,000 feet. The $125,000 which I have mentioned would to a large extent be expended on day labour and team work. There would be very little necessity for expenditures for material. Plenty of rock is available at the site for any work which would be necessary, and there would be very little need of any investment other than the payments to labour. This work would be of great benefit to the people in that constituency who are in need not only of work but of a little money. I believe the town of Estevan has an industrial future. We look upon it as the coming industrial centre of Saskatchewan because of the coal and other natural resources in that area. For the development of these resources a supply of water is essential, and that is one reason why the town officials and practically all the organizations are so solidly behind this project. I understand that at one time there was some international dispute as to whether the Canadian government would be allowed to dam back this water but I am advised now that the people of the state of North Dakota are very much in favour of the proposal I have put before the house. If the government have the idea of relieving unemployment as much as possible by this schedule of works presented to the house, there is nothing I can think of that might be included in the schedule of this bill that would give more relief for the money expended than this proposal, and therefore I would highly commend it to the government for inclusion in the schedule before this bill passes.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I do not ask the Minister of Public Works (Mr. Stewart) for any favours, but I would remind him of his duty. He has dealt fairly with me in the past and I hope he will deal fairly with my constituents in the future, and especially during this summer. I ask for nothing. But I would remind the minister that in Témiscouata county, which was cut in the last gerrymander, there are still some very important places. On the shore of the

St. Lawrence river I would remind the minister that there is a wharf at Notre Dame du Portage, which by the will of the Prime Minister (Mr. Bennett) and his supporters is now a part of the county of Kamouraska. The wharf there was kept in very good repair when the Liberal party was in power, but it has been destroyed since because the necessary repairs were not made. A resolution was passed by the municipal council asking that repairs be made to this wharf to relieve unemployment, but nothing has yet been done about it. Now is the time for the Minister of Public Works to see to it that this work is done this summer. I need not describe to the minister Notre Dame du Portage. It is one of the finest summer resorts in lower Quebec, and I simply draw his attention to the matter. This work was not proceeded with because of a foolish promise that was made by the Conservative chiefs in the parish saying that the government would spend $15,000. This amount was decided to be spent for the purpose by the former minister of public works, but the work was not done and it will be more expensive to do it now. I hope that the minister will see that that work is done.

Leaving Notre Dame du Portage I come to the present and the past. I would speak of the beautiful city of Riviere du Loup. May I tell the minister that important works have to be done there? I would remind him that in the past when I told him of the abuses that had taken place at Riviere du Loup he righteously saw to it that the wrongs were redressed, and that those who were guilty of padding the roll were obliged to refund to the government. I give credit to the minister for that. But now he should see to it, if some public works are to be done at Riviere du Loup that they are supervised by honest and reliable men, and that men of both political parties be given the opportunity to work. These are no ordinary items of supply, Mr. Speaker. This is the schedule of an act to relieve unemployment, and both Liberals and Conservatives have suffered because of unemployment and both should be given work regardless of their political creed. There are some very important works to be done at Riviere du Loup, both at the wharf and in the river. The minister knows what I mean and I shall not insist any more about it. The minister knows what is his duty and I leave it to his conscience and sense of duty to be fair with the people of Riviere du Loup, whatever may be their political creed.

Next is the beautiful summer resort of Cacouna. If the minister wants to know what Cacouna is he has only to look into the files of his department and see what kind of works have been done at Cacouna in the past. These works should be looked after. The wharf should be kept in good repair, and there must be some dredging done there also.

Next I come to Isle Verte, and Notre Dame de l'Isle Verte. There is a sea grass industry there which is of great importance. There are only two places in Canada where sea grass is cultivated; one of them is Isle Verte, and the other is in Nova Scotia. It is an industry which gives a little profit to the farmers in the summer time, and the minister should see to it that all those who are engaged in that industry are given a fair deal.

The wharf at Isle Verte is also important. It is a means of communication with the north shore, and it needs repairs very badly. Let me tell the minister that Isle Verte is a very important farming community. It is also a place where people pick berries in the summer time for shipment to the north shore, and there is great activity on the wharf there. I direct the minister's attention to that and to all the work that must be done in the neighbouring rivers not far from the wharf.

Let us go next to Tobin, halfway between Isle Verte and Trois Pistoles. This is no longer in my constituency. By the will of the Prime Minister this wonderful place was annexed to the county of Rimouski. Nevertheless there is some work to be done there. Some work was to have been done in 1930 but the government decided otherwise. This time they have another chance to do it. There is a lot of unemployment there and the minister should see to it that in order to relieve unemployment important work is done there.

Next we come to the delightful place called Trois Pistoles, which by the will of the Prime Minister has been annexed to the county of Rimouski. I know the people there well. They are my friends. After an election I do not consider whether they have voted for or against me. I try to serve them all to the best of my ability, but let me tell the minister that he should see to it that these people are treated fairly. I am sure that the people of Trois Pistoles will be well looked after by my good friend from Rimouski, (Sir Eugene Fiset) as well as the people of Notre Dame du Portage will be looked after by my good friend from Kamouraska (Mr. Bouchard). In spite of the fact that these fine parishes have been taken from my constituency I have still an interest in the welfare of these people and I direct the minister's attention to the important works that should be done there.

I have rendered the minister a great service in pointing out the abuses of which the Conservatives at Trois Pistoles were guilty when

they sold cement for twice as much as it was worth, and I congratulate the minister upon the action he took in that matter. I informed him of what was going on, that the man in charge of the patronage was selling the cement for twice what it was sold for before, and the minister gave an order that that man should refund the money or that the account should be reduced. After what I told the minister he succeeded in saving money for the Canadian exchequer. I did this not to cause harm to anyone but just because it is my duty. I am sure the minister appreciated my stand in the matter, as I did his.

We have a beautiful inland sea in the constituency of Témiscouata. Lake Témiscouata is twenty-seven miles long and there are many parishes along its shores such as Dame du Lac, Cabano and St. Juste du Lac, while on the shores of the Madawaska river is Ste. Rose du Dégelé. There is also the Squatteck wharf. After the erection of a dam on the Madawaska river the waters of the lake were much higher than they had been before and much damage has been caused to these wharves. I direct the attention of the minister to these matters. I ask him to look into the corrupt practices which are prevailing among the Tories in charge of the patronage in my constituency. I have no right to ask for favours for the Conservatives or the Liberals. My duty is to direct the attention of the minister to what he should do in the future. I am sure if he does not listen too much to those greedy ones who are trying to make abnormal profits at the expense of the state he will see to it that we get a fair deal when the money voted under this bill is spent. I leave it to his conscience as to whether he does his duty.

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, I desire to associate myself with the other hon. members from northern Saskatchewan in raising objection to the contents of this bill. I have been looking over the estimates for the years 1932-33, 1933-34 and 1934-35 and it is rather interesting to note that the total amount estimated to be spent under this bill is just about equal to the reductions which have occurred in the votes for public works. In 1932-33 we spent $1,060,000 upon public works chargeable to capital; in 1933-34 the amount dropped to $250,000, and this year we have dropped down to $220,000. This money really should have been spent during the last two or three years.

I must compliment the hon. member for Rosetown (Mr. Loucks) if he is responsible for the item of $275,000 for the building of a bridge across the South Saskatchewan river at Outlook. In my opinion this bridge is very necessary and it will serve a great portion of middle and western Saskatchewan. The hon. member is to be congratulated. I notice that this afternoon, when certain hon. members were objecting to the appropriations given to their provinces, the minister drew attention to the fact that probably something might be done under the general items in this bill. I have gone through the bill very carefully and I can find only three items under which the province of Saskatchewan could benefit in a general way. The first item is No. 78 and reads:

Interior Department—

To provide for the construction and development of public buildings, campsites, electric light and telephone systems, highways, trails, water and sewer systems, recreational areas, wharves and river protection works.

The amount allotted to this item is $2,000,000 and it is possible that Saskatchewan may get some of this. The next item is $500,000 for the construction of Indian residential and day schools, and hospitals. It is possible Saskatchewan may get something out of that. The next item is No. 135, public buildings generally—improvements, additions, fittings, repointing, painting, repairs and so on. The amount here is $2,000,000 and possibly we may get something out of that. If the total of these three items is to be divided among the nine provinces there will be only about $500,000 for each province.

I should like to endorse what the hon. member for North Battleford (Mr. McIntosh) said this evening. I do not think there is a place in northern Saskatchewan where a crossing is more necessary than at Ceepee. I think when the government was contemplating spending approximately $40,000,000 they would have been well advised to provide for the building of a bridge at this point. I also want to associate myself with the hon. member for North Battleford in his criticism of the government for not setting aside some portion of this $40,000,000 for the building of colonization roads. There has been a large influx of people into the northern areas and roads are badly needed. I was sorry to see that the government had not made any appropriation for this purpose.

No doubt when the minister is dealing with his supplementary estimates he will point out that considerable has been given to the western provinces. I notice there is an item of $7,000 for the purchase of an old bank building in my home town for postal purposes. This is not exactly a relief project although,

as has been suggested to me, there is probably a measure of relief in that $7,000 for the Canadian Bank of Commerce. If the minister goes through his estimates for the last two years and this year he will find that the reductions which have been made total about $39,000,000, which is just about the total covered by this bill.

Mr. ARTHUR DENIS (St. Denis) (Translation): Mr. Speaker, before this debate ends, I wish to reiterate my request of the other day with reference to the stone cutters of the city of Montreal. I requested the government to kindly specify in the contracts which it would award in erecting buildings in Montreal or elsewhere, that the contractors would have to employ stone cutters to carry out the work, instead of machines. It is obvious that such a provision would be of a nature to considerably decrease the number of unemployed in Montreal and elsewhere. Experts in the matter contend that a machine does the work of 25 men and, therefore, throws 25 workmen on the street. On the other hand, I am told that the stone cut by machines is of an inferior quality to that cut by expert workers.

Often there exists in the rock certain cracks, certain weakness which cannot be discovered by machine work; however, when a workman cuts it, he notices whether it is split, cracked or of inferior quality. The stone cut by machine detracts a good deal from the value of the building. Therefore, I request the government to furnish work to the stone cutters, who are, to-day, among the unemployed in Montreal.

I do not wish to congratulate the government for having submitted to us this bill at the end of the session. "The mountain in labour has brought forth a mouse!" This government which thought itself important and capable of settling the unemployment crisis in 1930, submits to us, after four years in office, a bill which will permit it to expend $40,000,000 to relieve those who are unemployed since then. It seems to be an important event, but let me assure you, sir, that it does not amount to much. It is not a permanent remedy to cure unemployment, it is an artificial, a temporary measure which will amount to nothing, unless it be for a few months this year. The government thinks, thanks to such a measure, that the Canadian people will forget the 1930 promises and its inertia heretofore! Being acquainted with its rule for the last four years, especially during this session, the Canadian people realize perfectly that they were wrong in replacing the Liberal regime by this one and will again repose their trust in us They will replace this government by a Liberal one. If one examines specially this session's legislation, one might conclude that the goverment did its utmost to create positions, carry on patronage and thus endeavour to capture the confidence of the Canadian people. I wish to protest, sir, because so little work has been set aside for Quebec.

Mr. BARRETTE (Translation): You should cooperate, instead of protesting.

Mr. DENIS (Translation): Let the hon. member for Berthier-Maskinonge have no fear. When the time comes, I shall cooperate, as I have always done in the past, especially for sound and rational measures; I have never refused to accomplish my duty in the house or elsewhere. It is not in introducing such a bill after four years, that the Canadian people will be led to believe that the government carried out its duty and understood the responsibilities that it had to assume in this respect. It is not because the government erects in the town of Berthier, a public building at a cost of $48,000 or $50,000, that it can imagine that it has performed its duty. The government in this respect only proves that it cares very little for the people's money and, to help in electing one of its friends, it has no compunction in having parliament appropriate an amount double to what would be necessary to satisfy the town of Berthier and the whole county. The government showed that it was incapable of administering the finances of this country. That is why the Canadian people will remember, when the polling day comes, to thank the government for its services to Canada

I shall not add anything further, sir, so as not to delay the house. I am aware of the servile majority of which the government disposes. When it is a question of championing our nationality and allowing bilingualism on our bank notes, our good friends opposite, with a few exceptions, thought fit to repudiate the rights of Quebec and the French language, by voting against the amendment moved by the hon. member for Quebec East (Mr. Lapointe). One more thing to stir up the people's regrets and feelings—I shall not say of rebellion—of revenge towards those who, in the face of the country, have, so to speak, repudiated their language to servilely support their leader.

Mr. DURANLEAU (Translation): Will the hon. member allow me a question? Could he inform us why, from 1921 to 1930, when the hon. member for Quebec East formed part of a strong government, supported by

almost 60 French Canadian members of Quebec, neither him nor any other representative of the French Canadians, among whom was to be found the hon. member for St. Denis (Mr. Denis) dared raise their voice to request that the two languages be both printed on dominion notes, and never dared to request—

Mr. CASGRAIN (Translation): There was no question of a Central Bank then, and we had notes in both languages.

Mr. DURANLEAU (Translation): I did not put my question to the hon. member for Charlevoix-Saguenay (Mr. Casgrain).

Mr. DENIS (Translation): In reply to the hon. Minister of Marine (Mr. Duranleau), may I state that there was no question of a bank of Canada under the Liberal regime, from 1921 to 1930.

Mr. BARRETTE (Translation): There were dominion notes.

Mr. DENIS (Translation): May I point out one thing. If we have, to-day, stamps printed in both official languages of this country, we owe it to the Liberal administration which fulfilled its duty towards the French language, in this country.

Mr. DURANLEAU (Translation): You have not replied to my question.

Mr. CASGRAIN (Translation): I replied to it, myself.

Mr. DENIS (Translation): That is no reason to invoke. If in the past errors were committed, if there was neglect, it is not a reason to always follow the same path. When means are offered to us to redress such wrongs and to adopt a reasonable suggestion, like the amendment of the hon. member for Quebec East moved, I see no reason not to acquiesce, when our good friends, the English Canadians of this country, are well disposed towards us I wish to thank these English friends on this side of the house, who unanimously supported the amendment of the hon. member for Quebec East and who proved thereby, that they desire union, harmony and bonne entente and, especially that they desire to give to the French Canadian race the legitimate share to which it has a right.

Mr. Speaker, I shall close my remarks by these few words.

Mr. BARRETTE (Translation): What would you suggest?

Mr. DENIS (Translation): I would request the hon. Minister of Marine to forget the past, to fulfil the whole of his duty towards the people, the province of Quebec and the country.

Hon. H. A. STEWART (Minister of Public Works): In rising to close the debate on the second reading of this important bill I desire to express my satisfaction at the very large measure of approval which the bill has received from those who have spoken upon it. I do not recall, as a matter of fact, that any hon. gentleman has condemned it outright. In fact, I think that nearly every speaker has found in it a measure of good, and the amount of good which has been found in it naturally varies as to circumstances and conditions. Some, for instance, say it will go a long way towards the relief of unemployment; others intimate it will be of very little value. Some say that it has been introduced about four years too late; others say it has been introduced too soon—it should not be introduced at all. Some say the amount is too large, others that it is too small. Well, I shall allow these criticisms to cancel each other and allow the great body of approval which this measure has received to stand as its commendation and in support of the motion for the second reading.

Now I am sure that hon. gentlemen who have criticized the bill will forgive me if I do not specifically deal with each objection and criticism that has been made. At this time, on the second reading of the bill, that is not expected and I believe that hon. gentlemen have taken advantage of the second reading to express opinions which perhaps otherwise they might feel it necessary to express at a later stage. I have no objection to that. I always welcome fair and candid criticism; it helps the administration of a department. And let me say, as to the suggestions that have been made, that each and every one of them will be considered. They will be taken up with the officials of the department, and I can say now that I know it will be possible to meet some of the requests which hon. gentlemen have made out of the general votes which are in the schedule of this bill.

The criticisms, as I have said, have been of a varied character and I think it proper that I should explain the basis upon which this program has been framed. The object has been to afford a measure of employment particularly in centres where unemployment is acute and where there is a large volume of it; not only that, but to provide a measure of employment that will be sustained over a considerable period of time. This necessarily involves undertakings of a larger character. Let

[Mr. Duranleau.]

me say to those who seek to balance the expenditures in this schedule on the basis of population, on the basis of comparison of one constituency with another, that they are proceeding upon an entirely false basis. The bill has not been prepared with the object of giving something to every constituency. It has not been prepared, as has been suggested by many hon. gentlemen, as an election program. If any of the hon. gentlemen who suggested that had been entrusted with the preparation of an election program and had made such a failure of it as I am sure they find in this, then I would say that it would have been a complete failure indeed. If I had been entrusted with the preparation of an election program, had consented to undertake to do so and did not produce any better results than this, I would be ashamed of myself.

Mr. MOTHERWELL: We agree to that.

Mr. STEWART (Leeds): I am sure hon. gentlemen will agree that had there been any such plan or purpose behind this measure there would have been found dotted all over the Dominion of Canada, in practically every constituency, small projects. That is not the plan, the purpose and the anticipated result of this program, and I am sure hon. gentlemen will agree that unemployment would not in a very large measure be relieved by a program of works of that kind, because when a small building is constructed, the time occupied is brief; when the building is completed the work is done and there has not been any sustained or large measure of employment provided.

It is well to remind the house of the basis upon which all governments have acted in their programs for the relief of unemployment. The former government, I believe, laid down the principle that unemployment was primarily a matter for the municipality in which it arose; that in the second instance it was a matter for the province in which the municipality was situated and that in the last resort it was a matter for the federal government. Tonight hon. gentlemen have made suggestions as to many undertakings that are not to be found within the scope of this bill. Some have suggested roads, highways, the drilling of wells and other works. Let me point out to them that those are not works in which the Dominion of Canada can engage; they are projects which must in the first instance be initiated by the municipality, by the province, and toward which in some cases, if the program is sound and approved, the dominion may make a contribution. This is not the only measure which this government has introduced or may introduce for the relief of unemployment in this country and this is not the only program which may be undertaken for that purpose.

The leader of the opposition, the right hon. member for Prince Albert (Mr. Mackenzie King), says that he finds discrimination in this bill; he speaks about his constituency and says that in this legislation there is nothing for Prince Albert and that he finds in it much for Calgary. On the surface of it he may be correct, but let me remind him of the general vote for his constituency. He was speaking of Prince Albert park, as I recall the matter, when he suggested that expenditures might be made. I have before me the expenditures made in that park during 1927-28, 1928-29 and 1929-30, and I shall give the figures.

Mr. MACKENZIE KING: Has my hon. friend the figures for the parks in British Columbia, Manitoba and Alberta?

Mr. STEWART (Leeds): I am dealing just with Prince Albert, the constituency with which my right hon. friend dealt. One constituency at a time is pretty good.

Mr. MACKENZIE KING: If the hon. member will give the others I shall be satisfied.

Mr. STEWART (Leeds): The expenditures in that park are as follows:

1927-28	$ 32,223 49
1928-29	150,093 48
1929-30	93,632 24
Total	$ 275,949 21

Let us come now to the year 1933-34 when the expenditure in that park for that one year was $277,411.07, or more than in the three years when my right hon. friend's government was in power, a larger amount in one year than in the three years I have mentioned. I am sure my right hon. friend could not have been aware of that figure when he was speaking.

Mr. MACKENZIE KING: I have those and I have the figures for the other parks also —relief camps.

Mr. STEWART (Leeds): I am speaking about Prince Albert expenditures.

Mr. MACKENZIE KING: Those are relief measures.

Mr. STEWART (Leeds): Then he spoke about the city of Calgary and the large expenditure there for the barracks. This under-

taking has been under consideration for a good many years. It is for the permanent force, and this bill affords an opportunity of having the work done at this time and providing the largest possible measure of employment. It is a needed work, one that has been considered essential for a long period of years, a work that is past due and the completion of which at this time is from every standpoint fully justified by the circumstances.

The former Minister of Public Works (Mr. Elliott) offered a criticism of the measure and stated that provision should be made for public tenders. Let me point out to him that these works are not all to be carried on under the Public Works department. The bill is a comprehensive one, including works that would come under the Public Works department and other departments. Works in harbours are usually done by harbour commissions, and it includes work in parks and works of a kind other than those contemplated in the Public Works Act. In connection with similar undertakings I believe it has not been the practice in the past, either of the late government or of this government, to invite public tenders. I know of undertakings of considerable extent for which public tenders were not invited. But although it is not provided that public tenders must be called for it does not follow that they will not be. The principle has not been abandoned. These works have to be carried out under the direction of the governor in council, and assigned to the particular department and the minister which may appear to be best equipped to carry them on. Already, in anticipation of the passing of this bill, a large number of advertisements have been published by the Public Works department calling for tenders, and there is no reason to assume that the government is abandoning the well established and sound principle of inviting public tenders. I can assure my hon. friend that the government are as sensible of their responsibility in this matter as any member of the opposition can be.

As to the objection that this work should have been done earlier, I would say that in the ordinary course public works expenditures are made out of revenue, and until revenue showed some expansion I think we would have been open to criticism if we had done anything further in this direction than we did. It was necessary to curtail, and curtailment was made.

Mr. VENIOT: Are all these expenditures to be out of revenue?

Mr. STEWART (Leeds): They are to be out of consolidated revenue fund. Let me remind my hon. friend that the revenues are very much improved over what they were a year or two ago.

Mr. VENIOT: What about the principle laid down that these works are to be paid for by the inflation of money?

Mr. STEWART (Leeds): I am pointing out that in the past such expenditures were made out of revenue, and the revenue did not warrant it at the time.

Mr. VENIOT: But do not say that these expenditures are out of revenue.

Mr. STEWART (Leeds): Well, I do not think the man who gets employment will worry very much whether these works should have been in the estimates or in this bill; or are paid for out of revenue or how. He will be very glad to get the work.

Mr. VENIOT: I just wanted to keep the record correct.

Mr. STEWART (Leeds): I also am very anxious that it should be correct, so we are agreed on that.

Now some hon. gentlemen have complained that there is no provision in this bill for anything in their constituencies. I wish they would meet some of my hon. friends behind me and discuss the situation with them. I think they would find that the grievances of members on this side are greater than any that I have heard expressed to-night from the other side of the house. However, let me candidly say that the day is long past, if it ever existed in Canada, when a government could go here and there and drop a public building or a wharf or a public work in a constituency purely for patronage purposes. If that day ever existed, or if that was ever done, the time has passed. The obligations of this country are such that a program of that nature cannot any longer be justified.

Mr. MOTHERWELL: Will the minister please tell that to the marines?

Mr. STEWART (Leeds): I am telling it to the hon. member for Melville (Mr. Motherwell).

Mr. MOTHERWELL: The hon. member does not accept it.

Mr. STEWART (Leeds): Probably I might as well tell it to the wind as tell it to him; however, it is a fact and the hon. gentleman knows it perfectly well.

Mr. MOTHERWELL: Less than $3,000,000 going to Liberal constituencies and $37,000,000 to the Tories.

Mr. STEWART (Leeds): On a fair balance that is not correct. I assure my hon. friend again that the program has not been prepared on any such basis. If it had been, the results might have been very different from what they are, because on analysis he would find that the larger expenditures are going to constituencies represented by my hon. friends on the other side. It happens so because the conditions in those constituencies are such as to justify these expenditures.

I do not want to delay the second reading of this bill. I say that this work will be carried on expeditiously, with due regard to the public interest, and with a full sense of responsibility, and I honestly believe it will assist materially in the relief of unemployment and towards recovery in Canada, which is already well under way.

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

On section 1—Short title.

Mr. MACKENZIE KING: I think the title is correct, that it is a bill for the construction of certain public works, but I think that being for the construction of public works, these various sums should have been made part of a supply bill.

Mr. MOTHERWELL: The minister indicated that he thought he would be able to meet some of the suggestions made by the opposition regarding certain works. How is he going to do that with any that we pass? Does he mean that he will bring down a further amount in the supplementary estimates, or will he add to this $40,000,000? I suppose that anything we pass cannot be changed afterwards.

Mr. STEWART (Leeds): I would point out that there are in the schedule two items of very substantial amount, one for $2,000,000 in connection with public buildings generally and one for $2,500,000 for harbour and river works and improvements. These public buildings are located all over the dominion, and I am sure we have some in the constituency of my hon. friend.

Mr. MOTHERWELL: I was not arguing for that.

Mr. STEWART (Leeds): No. The intention is to go over these buildings, each of them, and to put them in first class repair; that is to say we will do painting, plumbing, wiring, heating, roofing and masonry and bring them up to the highest point of efficiency.

Mr. MOTHERWELL: Where is that vote?

Mr. STEWART (Leeds): There is a vote of $2,000,000 in the schedule for public buildings generally. There is not a constituency in which there is a public building which will not receive some benefit.

Mr. MACKENZIE KING: A little job for everyone during the campaign.

Mr. STEWART (Leeds): Oh well, it will be done long before the campaign.

Section agreed to.

On section 2—Authority to make contracts to execute and complete works.

Mr. MACKENZIE KING: Hold that section.

Mr. VENIOT: It should be held until we get to the schedule.

Section 2 stands.

Section 3 agreed to.

On section 4—Amount appropriated.

Mr. MACKENZIE KING: I have a suggestion to make to the minister, namely to insert in the section words to make clear that the amounts are to be in accordance with those specified in the schedule.

The section reads:

> The governor in council may pay out of moneys provided for that purpose in the consolidated revenue fund such sums of money as may be necessary for all or any of the purposes of this act, not exceeding in the aggregate the sum of forty million dollars.

It would be well to insert after the words "purposes of this act" the words "in amounts as specified in schedule 'A' to this act." It just makes sure that the moneys in the schedule are appropriated and spent as therein designated.

Mr. STEWART (Leeds): I assume the object of the suggested amendment is to prevent what might be called switching.

Mr. MACKENZIE KING: Yes that is it.

Mr. STEWART (Leeds) Well, under the recent amendments to the Audit Act I do not think that would be possible, because before any department may obtain authority to make an expenditure it must go to the comptroller of the treasury and outline the proposed expenditure. The comptroller must find that there is authority for that particular vote, and secure an encumbrance upon it. There is no possibility of doing what my right hon. friend suggests might be done. Such procedure might interfere with the last item in the schedule, which reads as follows:

General—
To supplement where necessary specific amounts hereinbefore provided, upon the authority of the governor in council, $500,000.

That item is in the schedule to be effective when we find that we are a little short, probably $5,000 or $10,000, on a construction work. In such an event part of this $500,000 might be used to effect completion. But I am sure if the right hon. gentleman had read the amendments to the Audit Act he would agree that there would be no possibility of any department switching an item of expenditure from one building to another or from one purpose to another.

Mr. MACKENZIE KING: If provision for these expenditures had been made in the regular way, namely, in a supply bill where individual items are voted, I would think that what the minister is saying would be quite true. But in its present form, as the schedule to this bill, a lump sum will be voted. We have the lump sum of $39,690,050 mentioned in the schedule, and that is the sum which the comptroller of the treasury will have before him. He will not have the items before him in the form in which they would appear if they were brought in in the regular way, and the way in which I say they should have been brought in.

The minister has referred to the sum of $500,000 which may be moved backwards and forwards. Well, that is just half a million dollars to play with, and I do not think public money ought to be voted in that way. The minister has the same trouble with respect to all his public works. Sometimes he is a little above and sometimes a little below his estimate, but he has to make good his amounts by having parliament make the necessary additional appropriations. I certainly believe he ought to insert the words I have suggested. I sent the suggestion to him in the hope that he would move it, but if he hesitates, I should like to move it.

Mr. STEWART (Leeds): I can say only this, that the wording of the item for $500,000 is exactly similar to the item which has been in the estimates of the Department of Public Works for years, and has been used for supplementing undertakings. There are some purposes for which the money may have to be expended which are not set out in absolute detail. I am afraid without really accomplishing any useful purpose the amendment might be calculated to defeat the object we have in view. For that reason I cannot see that—

Mr. ELLIOTT: May I point out to the minister that this bill provides for an expenditure of $39,690,050, and the insertion of clause 4 simply means that the government is given another roving commission to expend $310,000.

Mr. BENNETT: No.

Mr. ELLIOTT: That is what it means.

Mr. BENNETT: No.

Mr. ELLIOTT: I say that already there are too many of that type of items in the schedule. But at the present time we are not discussing the schedule particularly. Let me call attention to the fact that already there are several general items, which the minister has mentioned. There is an item of $2,500,000 for harbours and rivers generally. Then there is an item of $2,000,000 for the Department of the Interior. Of course I realize that does not come particularly under the Department of Public Works, but the works therein indicated will be done as public works. Then there is an item of $2,000,000 for public buildings generally, and a further $500,000 to which the minister has referred. Clause 4 would simply mean an additional $310,000 all but $50. I say that that is not fair.

Mr. STEWART (Leeds): I submit that under the provisions of the Audit Act and because of the necessity of going before the comptroller of the treasury you cannot do it, that is all.

Mr. ELLIOTT: If it cannot be done, why put in a section authorizing it?

Mr. BENNETT: It says it shall not exceed $40,000,000.

Mr. ELLIOTT: I think that is not a proper way to have it.

Mr. EULER: I was about to express my approval of the principle laid down by the minister when he stated that the basis for the allocation of the various moneys comprised in the vote of $40,000,000 was the needs of the various communities in Canada in which unemployment and the necessity for relief existed. I was going to ask whether or not his department had made a really careful survey of the various centres in which unemployment exists. Probably he will answer that question afterwards. I think no hon. member would accuse me of ordinarily making any sectional appeals, and I do not propose to do so to-night. But in looking over the list of appropriations made I find that in my native city of Kitchener—including the town of Waterloo which to all intents and purposes, except municipally, is one with the city of Kitchener, with a combined population of about 40,000 people—there are 3,000 people

even now on relief, and no appropriation whatever has been made for it. It does look a bit strange to me, although I do not desire to make a sectional appeal, that immediately to the right of us, only fifteen miles away, for the city of my good friend the Minister of Justice something like $265,000 is appropriated, and directly to the south, for the city of Galt in South Waterloo there is $161,000, and yet for this centre of 40,000 people where, as I say, 3,000 people are still on relief, nothing is appropriated. I would like to ask the minister whether he did make a survey and, if not, whether he will not do so in order to inform himself whether there is any justification for consideration not being given to that city. I say this particularly because I have to-day had handed to me by the mayor of Kitchener a request from the city council of that city for consideration on the part of the government, and expressing, not resentment exactly, but the feeling that the city has not been properly treated, that no survey has been made and perhaps not sufficient consideration given to that place.

Mr. J. A. VERVILLE (Lotbiniere) (Translation): Mr. Speaker, I wish to thank the hon. Minister of Public Works (Mr. Stewart) for having been so kind as to allow me to speak before replying to the questions put to him.

I observed, in the course of the debate, that all made their little speech, almost every one wants money for the work which is to be done. I also observed that few representatives of the counties along the St. Lawrence river requested anything. For my part I have not been exacting, because I think that it is specially in a period of crisis that one must practise thrift. Let me point out to my friends opposite that they wish to help many people by this bill. Let me also inquire of them whether they are ready to carry out their promises of 1930, 1931, 1932, 1933 and 1934; if they are willing to provide for the class of people they created and relieve the unemployed until they resign their office—which will be soon?

I shall ask them another question: Is it a fact that the government—I did not intend to broach that subject, but as all made their little speech, I deem it my duty to take part in the debate—is ready to support all the Tory leaders of the county of Lotbiniere who have been loudly proclaiming, for some time past, that a road, from St. Edouard to Joly and from the latter place to Nelson, would be built by money flowing out from the Dominion treasury? That is the question I put. My speech will be brief, however, I wish to be posted on the subject, when to-morrow or the day after the session is prorogued. Will the road be built between Joly and St. Edouard, with the money which the Dominion government is having voted or will it not? Will the road from Lister to Joly, through the back (rang) row No. 1 and from there to St. Edouard be built by the Dominion government?

May I inform the Prime Minister (Mr. Bennet) that in the county of Lotbinière, there is a Tory leader at Joly by the name of Cinq-Mars who also promised the same thing.

Mr. LAFLECHE (Translation): He is a good fellow.

Mr. VERVILLE (Translation): I shall inform the Prime Minister that there is also at St. Edouard de Lotbinière, a Tory leader known as Laquerre who also promised the same thing.

Mr. LAFLECHE (Translation): Another good fellow.

Mr. VERVILLE (Translation): Will this government build this road? That is all I wish to know, for the benefit of the Prime Minister who does not reside in our county, who even resides at a great distance away. This also applies to all his ministers who are not acquainted with my county—for I have a beautiful settlement about two miles from where I reside. I request the Prime Minister, all the ministers and the government to inform me whether they promised Mr. Laquerre and Mr. Cinq-Mars that a road would be built from St. Edouard to Joliette and then to Lister?

Some hon. MEMBERS (Translation): Answer! Answer!

Mr. VERVILLE (Translation): I heard a few replies, but, unfortunately could not quite catch their meaning. If the one who spoke will repeat his reply, I shall listen.

Then I do not request any work for Lotbinière. Remember one thing, that last year, I refused the money for a wharf which was useless, and since then proof was furnished to me that the Tories of that parish were thankful that I did so. At present, I request nothing for my county; however, I desire that a just and fair distribution be made of the funds. If it is distributed in all the counties, I claim some for Lotbinière. And if a promise was made to Laquerre of St. Edouard or to Cinq-Mars of Joly, let the government supply the funds to build those roads, they will be useful. Grant funds to the county of Lotbinière, grant as much as you do to others. I apologize for wandering from the subject. I also

apologize for giving the names of two persons who are my friends. I do not wish to refer to the next election. They are Tory leaders, one never knows what they may do. Give Lotbinière the fair quota to which it is entitled.

Moreover, I wish to make a request. Cooperate with the Quebec government in granting funds to allow settlers to work their land at a fixed sum per acre. Let us cease helping the unemployed who expect a scrip from both dominion and provinical governments. Let us accept the system which I suggested and which was rejected. I live in a locality where I am understood and known where one knows how to figure. Let the dominion government grant a certain amount to permit the settler to clear, plough and sow the land, to clear and burn the brush and remain on the land. Within two or three years, through this system, we shall have settlers who will not depend on the dominion government, the provincial government and the municipalities, but who will provide for themselves. Thus will you have performed useful work. I shall suggest a means: Place the money that you have uselessly voted to help your party which will be defeated by the people who belong to your party and those of the Liberal party, place it in the hands of the parish priest who will distribute it and tell each one: "You, you are entitled to so much." And in two years, instead of having to help these settlers, you will have families who will be an asset to the country beside earning their own livelihood. That is the system which I suggest and I request you now to accept it and distribute the money through the medium of impartial people, who will do more for this country than we can do and more than you can do because you may have some election advantage to gain, and this is where your bill is repugnant and, so to speak—pardon the expression—shameful.

The CHAIRMAN (Mr. Sullivan): The question is on the amendment.

Mr. BENNETT: Why should we make this difference from any other public works bill that we have passed?

Amendment (Mr. Mackenzie King) negatived on division.

Mr. STEWART (Leeds): In reply to the hon. member for North Waterloo (Mr. Euler) I desire to say that many of the undertakings in this program were suggested to the government by the Canadian Construction Council which made a survey of the whole dominion.

Mr. EULER: Is that a government organization?

[Mr. Verville.]

Mr. STEWART (Leeds): No, it is an organization in connection with the building and construction trades of the country. That was the basis for the selection of these items. We checked their recommendation very carefully. This survey included not only works which might be undertaken by the dominion government but those which might be undertaken by the provinces and the municipalities. Wth regard to Kitchener, I do not recall that there was anything in that report in connection with that city, nor do I recall any representations were made by the city council or by my hon. friend.

Mr. EULER: He is doing it now.

Mr. STEWART (Leeds): I think my hon. friend will agree that it is rather late to be making a suggestion. Suggestions have been coming in very rapidly since this bill was brought down but many of them are of a character which do not come within the scope of our activities. They cover municipal works such as sewers, town halls, roads; they cover anything and everything except what this government constructs. I do not know what my hon. friend has in mind in connection with Kitchener when there have been no suggestions from any source whatever.

Mr. EULER: I asked the minister whether a survey had been made on the basis of the principle which he had laid down in connection with large allocations of money, and he said that the principle followed was the need in these towns in the way of unemployment. I told him that Kitchener had a large amount of unemployment and a large number of people on relief. I am amazed when he now tells me that instead of a survey being made by the government, it was made by a builders' association. This may be a perfectly respectable organization, nevertheless it is a private organization and the government has taken its recommendations. Without becoming excited over the matter, I would say that all this has no connection whatsoever with the principle of responsible government. The government has taken the recommendation of a private organization which, after all, is more interested in its own operations and profits than it is in the good of the people of Canada. I think it was the duty of the government to make this investigation and then allocate the moneys in the proper way.

Mr. STEWART (Leeds): I think the government should receive representations from any source that is open and available.

Mr. EULER: And make none of its own?

Mr. STEWART (Leeds): Surely my hon. friend does not suggest that we should not listen to or consider representations made by associations such as the Canadian Construction Council.

Mr. EULER: No, not for a minute.

Mr. STEWART (Leeds): I can assure my hon. friend that their recommendations were not accepted wholesale and without investigation. The government assumes full responsibility for the items that appear in this schedule.

Mr. EULER: They may have been quite right in some of their suggestions, but I am asking if the government made an independent investigation of its own. It should have if it is to be responsible.

Mr. CASGRAIN: Did the minister receive recommendations from public bodies such as boards of trade, chambers of commerce and municipal councils and also from officials and members of the House of Commons?

Mr. STEWART (Leeds): Representations were received from time to time from all the sources mentioned by my hon. friend.

Mr. CASGRAIN: Were the items in the schedule based upon the recommendations received by the public bodies I have mentioned?

Mr. STEWART (Leeds): They were based upon all the recommendations received. Full consideration was given to all the circumstances and to the requirements of the public service and the amount which was available. I might say that all the requests and suggestions received would have involved the expenditure of $100,000,000.

Mr. CASGRAIN: As we take up the items in the schedule will the minister be able to tell us what items were recommended by the association to which he has referred and what items were recommended by public bodies or individuals?

Mr. STEWART (Leeds): It would involve a good deal of research to gather that information.

Mr. CASGRAIN: It is very important that we should have it.

Mr. STEWART (Leeds): That might prove to be interesting information for my hon. friend and for the committee but I do not see what would be the advantage of it.

Mr. CASGRAIN: I protest, as did the hon. member for North Waterloo (Mr. Euler), against an organization outside the control of parliament giving information and advice to the government as to what should be done in each riding.

Mr. LAPOINTE: Is section 5 the section under consideration?

The CHAIRMAN (Mr. Sullivan): Yes, section 5.

Mr. LAPOINTE: Under section 5 the governor in council may from time to time place the administration, management, construction and execution of any of the works under such minister or department of the government as may be considered most advisable in the public interest. Practically all the works allotted to the city of Quebec are in connection with the harbour. There is an item of $463,000 to replace sheds number 24 and number 25 on pier number one. There is another item of $730,000 to widen pier number one. I wish to know whether the execution of these works will be under my hon. friend. Those sheds are owned, in trust of course, by the harbour board of Quebec and the works done there are usually carried on by that board, the money being loaned to the board, they issuing bonds and so forth. But this is a special work. This is an amount that is not loaned to the harbour board; it is an expenditure of money directly by the parliament of Canada. I wish to know whether the contract will be entered into by my hon. friend's department and whether that department will be in charge of the execution of the work.

Mr. STEWART (Leeds): The explanation of this section lies in the fact that there is one schedule and one schedule only. Ordinary estimates, as my hon. friend well knows, are prepared under departmental heads, but here they are all gathered together and the work will be assigned under the direction of the governor in council. It has yet to be determined under which ministry the work will be carried on.

Mr. LAPOINTE: But will it be carried on under some minister rather than under the harbour board?

Mr. STEWART (Leeds): That will be determined by the governor in council.

Mr. MACKENZIE KING: What the minister has just said is evidence of the fact that this section is another election device. A moment ago I pointed out that half a million dollars was given to the government to play with at election time, so that the governor in council might assign a little here and a little there, and now we have another clause which gives them a chance to pass the

amount on to whichever minister they see fit. The minister has just said that in the regular way the estimates set forth the amount in detail, indicating what department of government will have to do with any particular expenditure; but here they are all lumped together as one and, he says, it has not yet been determined what minister is to do the spending. That is irregular, and I say that the section is framed as it is to allow the governor in council to use half a million of loose funds in any way that will best suit their purpose at the time the campaign is on.

Mr. MACDOUGALL: How much did your government appropriate to play with, as you put it, in 1928?

Mr. MACKENZIE KING: Not a five cent piece.

Mr. MACDOUGALL: That was your appropriation for the unemployed, but you had $800,000 in 1928 to play with under this very item.

Mr. CASGRAIN: With reference to the amount of $156,000 for wharf extension at Pointe au Pic, is it proposed to carry on the same extension project mentioned in 1930, or is this a new program?

Mr. STEWART (Leeds): The conditions now, I assume, are not the same as in 1930 at that wharf, and the item is put there for improvements and repairs that are necessary and recommended by the engineer at the present time.

Mr. CASGRAIN: Because more repairs are necessary than in 1930?

Mr. STEWART (Leeds): I suppose so, although I believe that minor repairs have been done in the meantime.

Mr. CASGRAIN: The same program will be continued as was anticipated in 1930.

Mr. STEWART (Leeds): I should think there must be some extension there in view of the size of the amount.

Mr. MACKENZIE (Vancouver): Is it intended to deal separately with the various items in the schedule or will it be passed en bloc? I want to discuss a particular item in connection with Vancouver.

Mr. STEWART (Leeds): I said before that every opportunity would be given in committee to discuss any item in the schedule. I do not intend to ask for the passing of the schedule en bloc.

The CHAIRMAN (Mr. Sullivan): Shall the section carry?

[Mr. Mackenzie King.]

Mr. SANDERSON: I take it from the minister's reply to my hon. friend from North Waterloo that there is no provision in this bill for such works as sewers, water systems, and so forth. Am I right?

Mr. STEWART (Leeds): Except possibly in the parks branch where these works have been carried on. That is in the Interior department, but it is on government property. What I meant to say, and what I think the hon. gentleman will agree with, is that in a municipality such works as sewers, town halls, hospitals or anything like that are municipal and provincial, the dominion in some instances making a contribution. But to do any of these works at our own expense exclusively is not our program at all, and anything of that sort which my hon. friend may find in the Interior department will be found, I think, to be on government property.

Mr. SANDERSON: I would point out to the minister the item in the schedule in connection with Chicoutimi, Quebec,—water system, $12,500; hydrants, hose, etc., $4,000; further gravelling of reclaimed area, $45,000; surfacing existing roads with macadam, $17,000; road at rear of new wharf $10,000.

Mr. STEWART (Leeds): That is in the harbour of Chicoutimi, a public harbour.

Mr. SANDERSON: What is meant by water system?

Mr. STEWART (Leeds): That is a marine item, but I can say that there are some water connections or pipes. The minister in charge of that department could give the information.

Mr. DURANLEAU: Before the year 1930 large works were undertaken by the government of my hon. friends, the construction of a large pier, and we have to complete these works and instal a water system.

Mr. JACOBS: There is water in the harbour now.

Mr. BEAUBIEN: May I remind the minister that in the session of 1930, under the previous government, there was an amount of $12,000 in the supplementary estimates for a public building in the county of Provencher. Tenders were called for, the money having been voted. The present minister did not accept the tender; the work was not proceeded with, and the reason he gave was that the government had to economize on account of the depression and the demands made upon the administration. I had no quarrel with the minister at that time, although I think he should have respected the vote of the House

of Commons which on that occasion was unanimous with regard to those estimates. The house had decided that a certain amount of money should be expended for the erection of a particular building in the county of Provencher and the minister should have respected the decision of the house at that time. The building, however, was not constructed.

I know the minister has had several demands from the county of Provencher for certain small buildings in centres where such buildings are very badly needed, and when he is about to spend $40,000,000 for the construction of public buildings and other works throughout the whole dominion, I really think he should have opened his heart in order to rectify what I think was an injustice in refusing an expenditure which was voted by the house in 1930. In looking over this schedule I find that Provencher is entirely forgotten. I want to remind the minister and the house that I represent one of the most historic constituencies in Canada, a constituency that has been represented here by men much more distinguished than I am, men who have been prominent in Canadian history, such as Louis Riel, Sir George Etienne Cartier. Therefore I cannot for the life of me see how the minister can sit in his seat and allow $40,000,000 to be expended in Canada and at the same time forget the county of Provencher. I do not think that is fair, and as I know the minister wants to be fair, the least he could have done would have been to insert in this schedule the amount voted in 1930 and provide for carrying on the construction of those buildings.

Unemployment in Provencher is not, I grant you, very great, but why should $250,000 be spent in the county of Selkirk; why should $20,000 be spent in the county of Souris; why should $15,000 be spent in the county of Marquette? If the hon. gentlemen representing those constituencies have been influential enough to get those expenditures in their ridings, I have no quarrel with them, but why discriminate? The discrimination is very plain. In view of the fact that the minister himself, after the money had been voted by this house to erect a certain building in Provencher, cancelled the expenditure after he came in as Minister of Public Works, I do not know how he can justify his present course and I do not think he can. If he does not see his way clear to take a certain amount of this money that is being voted for the relief of unemployment in Canada and expend it on the erection of certain buildings in Provencher, the party he represents will have to stand the consequences at the next election. Probably the Conservative party will have no votes at the next election, but if they have any in the county of Provencher, they are certainly shooting them all away in about five minutes in this chamber.

It is not my intention to delay the committee longer—I refrained from speaking on the second reading of the bill. I have tried to influence my friends on this side, but none of them will listen to me. May I again plead with the minister that even under some of the items that are not detailed, such as so much money for the Department of the Interior or any other department, he take steps to give the county of Provencher just a small expenditure to construct one or two small buildings.

May I also ask him whether he has had any representations from any organization in Manitoba to allow a certain amount of this money to be used in the way of guaranteeing bonds to construct a sugar beet factory in that province? If he has, why has he not given some consideration to that in these schedules? If a certain amount of money is to be spent to relieve unemployment, why should it not be spent on projects which will give employment? You construct a public building to-day and after it is erected there is a cost for its upkeep, but if certain concessions were given for the construction of, say, a sugar beet factory, that would give employment for years to come and I think the money would be better expended. I do not know whether the minister is in a position to answer me now, but if he cannot do so, I hope before he spends this money his heart will open up for the historic county of Provencher.

Mr. STEWART (Leeds): I am very much moved by the eloquent and patriotic appeal of my hon. friend, and I quite join with him in his appreciation of the magnificent constituency of Provencher. But I want to point out to him that in every year in which estimates are passed there are many items that are not expended. The insertion of an item in the estimates does not create any obligation on the part of the government to expend the money; it just makes it available for the purpose if and when the government decides that it should be so expended. My hon. friend knows very well that in 1930 the estimates for public works were very large; they were larger than I think the revenues of the country warranted, and it was found that the revenues as they came in did not

warrant the expenditure of the amounts that had been placed in the estimates. Just as in other years certain items were abandoned, so some were abandoned in 1930, some were abandoned in 1931 and 1932 and some will be abandoned to a greater or lesser extent in every year by every government.

As to the building to which my hon. friend refers, I assume that it is of smaller type, and as has been said by several hon. gentlemen, that kind of construction does not contribute very much to the relief of unemployment which my hon. friend is frank enough to admit is not very severe in his constituency. So, bearing in mind the principle upon which the bill is framed, I do not think it is at all remarkable that he does not find anything in it for Provencher. As to the sugar beet industry, I do not recall any representation whatever. It would be entirely outside the scope of a bill of this character.

Mr. VALLANCE: Will the minister undertake to justify an expenditure under this bill to-day when he cancelled expenditures that had been voted by this house for my constituency? I do not see how he can do it. I have no quarrel with anyone who can get a public building in his riding, but the minister when he came into power cancelled the construction of buildings in my riding for which tenders had been called, yet to-day he is voting money under this schedule for works which to my mind are no more essential than those voted in 1930.

Mr. STEWART (Leeds): If it is any satisfaction to my hon. friend, I can assure him that his constituency is not the only one that has been treated in that way. Several hon. members behind me have the same complaint.

Mr. VALLANCE: The reason my treatment is different is that the money had already been voted by the house for this building in my constituency.

Mr. STEWART (Leeds): There are others. I could give my hon. friend a long list of others who were treated just the same.

Mr. VALLANCE: Well, if the minister treated anyone else that way I think he did not treat them fairly.

Mr. McGIBBON: I was one.

Mr. VALLANCE: If I had been treated as you were I would certainly get away from supporting that government.

Mr. McGIBBON: I put the country before party, which the hon. member does not.

[Mr. H. A. Stewart.]

Mr. BOYES: I have no disapproval to express in connection with this bill, and while I am like my hon. friend from West Middlesex (Mr. Elliott) and some of the other hon. members who have already spoken, in that there is no provision in the schedule for any expenditure in the riding I represent, at the same time I heartily approve of the provision of $1,500,000 for a building in the city of London. A year ago I advocated in this house the provision of a new post office building in London. This bill takes care of that and also makes provision for other federal buildings. While that will help the riding of East Middlesex I feel that the riding of West Middlesex will also receive some benefit.

Mr. ELLIOTT: Most of it is farther away.

Mr. BOYES: A little farther away. One thing I wish to draw to the attention of the minister is that part of the city of London is in the riding of East Middlesex, and if it were possible for him when letting the contract for the work there to provide that a certain portion of it, for example, digging the basement or building the foundation, might be let by day labour so as to provide work for some of the unemployed in East Middlesex, it would be greatly appreciated. In the part of London which I have the honour to represent there are many unemployed and I hope some provision will be made to give them work.

There is another federal building in East Middlesex, the Westminster hospital. If the minister would have that building examined thoroughly I think it might be found that the roof and other parts need repair, which would give employment to some of these men. As I said before, I heartily approve of the expenditure provided for London, and if the minister finds it possible to comply with my request I shall appreciate it.

Mr. HANSON (Skeena): I decided not to say anything on the second reading of this bill because I was in favour of the principle, but now that the bill is in committee I want to draw the attention of the minister to one or two items which I think he has overlooked. I find for British Columbia three or four items specified, for Vancouver, Victoria, New Westminster and Quesnel. I call the minister's attention to the fact that on several occasions representations have been made to the government and to himself by boards of trade, by the Conservative association in northern and central British Columbia, and by myself, as to the necessity for having a federal building for that district in Prince Rupert. The building that houses the

different departments there at the present time is a barn, not fit to be called a public building, yet the federal revenue from that district is approximately $200,000 a year. The government are paying rent for the shack they occupy in Prince Rupert. I know that the minister is tired of listening to me, and the minister who represents British Columbia in the cabinet, the Minister of Trade and Commerce (Mr. Stevens), is watching me and I know he is also very familiar with this story. I fail to understand the omission from this bill of any item for Prince Rupert because I know that the boards of trade and other bodies have made representations; the government of British Columbia and the premier of British Columbia have made representations to the minister as well as to the Prime Minister, showing that this is a necessary work and one that should be carried on for unemployment relief. Yet nothing has been done, and as a representative of north and central British Columbia I ask the government what voice they listen to in regard to these matters. If it be the provincial government, if it be public bodies such as chambers of commerce and boards of trade, representations have been received from them. If it is recommendations made by the representative of the constituency that they listen to, I have made such representation. If all those representations are ignored I presume the one who is heard is the minister representing British Columbia in the federal cabinet, the Minister of Trade and Commerce. I know that he has always been fair to the whole of British Columbia, not to a part only, so I fail absolutely to understand how it is that all these representations in respect to northern and central British Columbia have been entirely ignored. I might point out that while some money is appropriated for British Columbia, the Minister of Trade and Commerce knows that those works are all in the southern part of the province, hundreds of miles or as much as a thousand miles from central and northern British Columbia. Is it reasonable to expect that men who need employment are going to be sent a thousand miles to get the benefit of this work, or is something to be done for them in their own district? I realize that there is a provision of $2,000,000 for miscellaneous works under the Department of the Interior. I appreciate that the government are finding something to take the place of the dole, which I was absolutely against from the beginning. But since this work is to be distributed to help unemployment the government should give some recognition to the suggestions from public bodies that are familiar with conditions in each district. I hope that when the distribution is being made of this money for rivers and harbours and buildings in general, something like $5,500,000, the needs of northern and central British Columbia will be given consideration. I should like very much to have a few words from the minister, because I believe he will appreciate what I have said, and the representations I have made. May I have an answer?

Mr. STEVENS: What rather impressed me as being a bit extraordinary was the reference the hon. member made to the building now occupied by the federal services in Prince Rupert. On one occasion he referred to them as barns, and on another occasion he called them shacks.

Mr. HANSON (Skeena): Yes. Both names apply.

Mr. STEVENS: He states now that that is true. I recall that the government which preceded this one, and which he supported, entered into a five year lease on these buildings at a rate of about $5,000 a year, and I find it a little difficult to justify the payment of $5,000 a year for either a shack or a barn.

Mr. JACOBS: There must have been extenuating circumstances.

Mr. STEVENS: The hon. member is on the horns of a dilemma. However, I have heard what he said, and have taken note of the fact that he appealed to me as a minister representing the province of British Columbia. Obviously every place cannot be cared for. Certainly no one is putting any obstacle in the way of a building being built where he has indicated. The matter of a building for Prince Rupert will in due course receive consideration from my colleague the Minister of Public Works and from me, so far as I have anything to do with it. I do not think it is perhaps possible for such a building to be considered this year.

Mr. HANSON (Skeena): In 1919 a Conservative government acquired a site for a federal building in Prince Rupert, and paid pretty close to $70,000 for it. They did a certain amount of excavating, and I am suggesting that by establishing a building at that point the government would not have to pay anything for the site or for excavation. Labour and supplies would be the only expenditures.

Mr. STEVENS: Why did not my hon. friend induce his friends who were in office for nine years to do that?

Mr. MACKENZIE (Vancouver): He was not here then.

Mr. BENNETT: He was in the tie business.

Mr. HANSON (Skeena): Neither this government nor the former government have treated the port of Prince Rupert fairly.

Mr. VERVILLE (Translation): In bill 113, under consideration, there are two items which particularly interest me because my constituency is situated on the south shore of the river, while a Conservative member represents the constituency on the north shore. I have much esteem for the gentleman. The following is what I find:

Champlain and Lorne Dry Docks, Que.—Repairs to buildings, caisson house, hose tower and concrete masonry, $18,000.

I also see:

Champlain Dry Docks, Que.—Keel blocks, $26,000.

This amounts to $44,000. This bill is intituled:

An Act to provide for the construction and improvement of certain public works and undertakings throughout Canada.

I am aware that the hon. member representing the constituency on the north shore has received his full share; $44,000 is being voted for his constituency. I wish to inquire of the government whether this $44,000 is included in the 40 or 50 millions appropriated to public works or whether it is included in the estimates of the Department of Marine? Moreover, whether this is a gift to the county of Champlain, exclusively of other counties? Until I read the section of the act, I never thought that there existed a dry dock at Champlain. I was under the impression that there existed some dock to build vessels, but as such docks could not exist everywhere, I began to wonder whether it was actually a gift so as to build a dry dock at Champlain. Is this amount included in the $40,000,000, or $50,000,000 or whether it is included in the estimates of the Marine department? Is there a dry dock at Champlain?

Mr. DUPUIS: I am anxious to get some information from the Minister of Public Works. First of all may I say that it appears curious not only to myself but to the house and country that the government should bring at this late hour in the session a bill providing for an expenditure of $40,000,000, without giving proper time for the representatives of the people to discuss intelligently the items included in this bill. I wonder if hon. gentlemen opposite realize what $40,000,000 mean.

The CHAIRMAN (Mr. Sullivan): The hon. member is out of order.

[Mr. Stevens.]

Mr. DUPUIS: Well, I am just coming to the items.

The CHAIRMAN (Mr. Sullivan): The hon. gentleman is entirely out of order. We are considering clause 5, administration.

Mr. DUPUIS: We have been told by the Minister of Public Works that opportunities would be given to discuss the matter fully.

The CHAIRMAN (Mr. Sullivan): If there is unanimous consent of the committee.

Some hon. MEMBERS: No.

Mr. DUPUIS: I am merely asking the same privilege which has been extended to other hon. members.

Mr. RINFRET: And further, if the committee will permit me to say so, we are discussing section 5, whereby the minister may transfer the expenditure of moneys to several departments.

Mr. BENNETT: The governor in council, not the minister.

Mr. RINFRET: That covers practically the whole program.

Mr. BENNETT: The governor in council has that power.

Mr. RINFRET: Yes. It may transfer to the different departments the expenditure of this or that money. I submit that under section 5 it would be proper to discuss the whole bill, because every expenditure is involved.

Mr. CASGRAIN: Go on; go on.

Mr. DUPUIS: With all due respect to the chair, may I continue my argument? Before proceeding to the questions I wish to ask I should like to observe that the people throughout the country think it strange that in the dying hours of a session, if not of the government itself, the representatives of the people should be asked to vote $40,000,000 to be expended upon the recommendation of a body—no matter how respectable it might be—the builders' corporation, I have been told. By the way, I should like to know if the association of builders are going to have all the contracts to be awarded under this measure. However I am not going to go too fast; we will wait and watch. Does the government realize that $40,000,000 is a very large amount of money?

Mr. DUPRE: Some of the people say it is not enough.

Mr. DUPUIS: If the Solicitor General, who has just interrupted me, will take the trouble to count $40,000,000, one dollar a minute, he will find that it will take him 1,388 days to

perform his task, and by that time he will be in the opposition, or back in his office in Quebec. Hon. members on this side are interested in this discussion, and yet we have not time to discuss matters. That is why we are bound to shorten our remarks. The Minister of Public Works is aware of the fact that last year and again this year I wrote him and interviewed him about dredging the Petite Riviere Montreal. That river drains about eleven thousand acres of the best land in the country, and upon that river there has already been spent jointly by this government and the Quebec government from $26,000 to $30,000. At a time when that expenditure was about to produce its effect, this government, because the riding is a Liberal one, refused to appropriate the further amount necessary to finish the work, though only about five thousand dollars more is required. I do not see any item in the schedule for that purpose, and I very respectfully ask the minister why such an item is not there.

Mr. McINTOSH: There is no adequate reason.

Mr. DUPUIS: Furthermore, in the town of Laprairie we have a brick industry, practically the only industry in the town, but due, I will not say wholly to the policies of this government, construction in this country is at a standstill and as a consequence the brickyards in Laprairie, four in number, are idle. We have at least four hundred families in Laprairie who are without work and in a state of starvation, despite the fact that the town of Laprairie, through the provincial government, backed by the request of Conservatives in my riding, by my good friend Mr. Gustave Monet, my opponent in the last election and a very influential representative of the Conservative party in Montreal, and also through myself, requested this government to contribute to the construction of a street called Ste. Rose in Laprairie. This government has been begged to do that work for the last two years, and only last year this government decided to build the street under its relief policy, but that was at the beginning of December when it was too late to begin the work. I do not see any item in this schedule for that work. It would require an expenditure of approximately $10,000, but nothing has been done.

I see a large vote in the schedule of this bill for the Interior department and for the Department of Indian Affairs. I wonder if the government has in mind the building of a water system, as the Minister of Public Works indicated a short time ago, for the Caughnawaga Indian reserve. It is a large reserve and for many years they have been asking for a water system to be built at Caughnawaga, but they are still obliged to fetch their water from the river because the village of Caughnawaga is built on a rock and there are no wells from which they can get water. This work is absolutely necessary and I would ask the minister if he has any amount for that purpose.

I also see an amount under the Department of Indian Affairs for the reconstruction of Indian residential and day schools and for hospitals. The Minister of Public Works knows perfectly well that Caughnawaga is badly in need of a hospital. Is any special amount being voted for that purpose? I should like to have an answer from the minister to all of these questions.

I am sorry that the Minister of Marine (Mr. Duranleau) is not in his seat. I would like to know how so influential a member of the government has not been able to get a larger amount for his riding. I have been told all around here that this money has been appropriated upon the influence and recommendation of friends of the government. I am surprised that a minister of the crown so near to the government has got only $40,000 for the county of Chambly, just for a dyke. What about the Chambly canal, repairs for which are so necessary that it is impossible at the present time for a boat to pass through the canal because it is pretty nearly full up, like some of the ditches in Ontario were filled up during the last election campaign, making it absolutely necessary that they should be dug out again.

I strongly protest, Mr. Chairman, against this policy which the government presents to parliament in the last hours of the session, and I also protest strongly against the government appropriating moneys where it is not needed in many cases, and appropriating nothing for many other places where there is urgent need for public works. I am speaking not only for myself but for the people I have the honour to represent in this house, and the country as a whole I believe will resent this policy of the government, coming down and asking parliament for an appropriation of forty million dollars just to be used for electioneering purposes, and doing it in the dying days of the session after the people of this country have been waiting for four years for redress and for fulfilment of the promises which hon. gentlemen opposite made during the last election campaign. I think the people have a right to know that the government is following such a policy, and if the government

is unable to give an answer, one thing I am sure of is that the people will give the proper answer if opportunity is afforded them.

Mr. STEWART (Leeds): My hon. friend, who is a prominent member of the opposition, seems to have provided me with a very strong argument to answer the contention of some of his friends that this is a political measure. He has pointed out that one of my colleagues, as he says, an influential member of the government, is getting practically nothing for his constituency. I am glad to have had that comment by my hon. friend. In connection with the Indian reservation, I would ask him to wait until the item of $2,000,000 for the Department of the Interior comes up. The Minister of the Interior (Mr. Murphy) will give an explanation in connection with that. It comes under that department and I really know nothing about the matter. In connection with the construction of a street in Laprairie, this is a matter which should come through the municipality and the province in the way in which matters of this kind have come in the past. I do not think it is a matter which should find its way into this bill.

Mr. DUPUIS: Is it not true that the minister has received petitions asking that a contribution of one-third be made by the government for the building of that street in Laprairie due to the fact that nearly everyone in the town is unemployed?

Mr. STEWART (Leeds): My friend is quite right. Requests of that kind have been received, but again I remind him that that is not the way the matter should be handled. It should go through the province.

Mr. DUPUIS: It has been there.

Mr. STEWART (Leeds): Then it goes to the Department of Labour.

Section agreed to.

On section 6—Tenders.

Mr. BURY: I should like to say a word on the question of tenders. I should like to urge that where tenders are called for, especially for works which are not very large, as far as possible they should be confined to the particular locality provided there are a sufficient number of contractors of repute to ensure proper and reasonable competition. I take it that the purpose of the bill is to provide work, and I am a little bit afraid that a wide call for tenders would mean cut-throat competition and the benefits of the work would be practically nil. I suggest that in calling for tenders for works involving $200,000 or $300,000 the invitations for tenders should be confined as far as possible to local contractors where there are a sufficient number to ensure bona fide competition.

Mr. MACKENZIE KING: My hon. friend has special reference to Edmonton tenders?

Mr. BURY: No, I have not. I am referring to tenders for works of a comparatively moderate character, no matter in what city they may be. If tenders are to be called for over the whole province or over two or three provinces, it will mean that the local people will not get the benefit of the work. Many local contractors have been without work for a long time and they will find that the contracts are being awarded to large contractors who have underbid. In such cases the large contractor generally brings in some of his clerks and higher paid employees from some other city. If the purpose of this bill is to provide as much benefit as possible, consideration should be given as far as possible to the local places in which the work is done.

There is another matter which I should like to emphasize, and which has been emphasized already by hon. members on both sides who have spoken. Special care should be taken to ensure that the fair wage clause is inserted, not merely in the original contract—I know it will be—but in the subcontracts as well, and that this clause is enforced in connection with all contracts. I know that in many tenders let by the government, not for construction work but for the supplying of goods, the fair wage clause is scandalously ignored. Work is being done under government contracts under conditions of practically sweated labour. The prices paid in some instances are so low that the work cannot be produced on terms of fair wages or fair working hours. I ask that special care be taken to see that these conditions are observed in connection with this relief bill.

Mr. ELLIOTT: The minister was good enough to let me have a copy of the amendment which he proposes to move to section 7. I had already prepared an amendment to take the place of sections 6 and 7, and I was wondering if there would be any objection to considering the two sections together.

Mr. STEWART (Leeds): Section 6 provides that tenders shall be invited "except as hereinafter provided." The principle of that section is absolutely sound, and it is the basis of all operations under the bill. It is what my hon. friend has been contending for. I think we should start with that prin-

ciple, that tenders are to be invited except where the governor in council decides otherwise. I believe we should retain that principle.

Mr. ELLIOTT: The minister will bear in mind that my objection to section 6 is that the tenders are not to be publicly advertised. I think this question of tenders should be settled along the lines of the suggestion of the Prime Minister, that it should follow the provisions of the Public Works Act. Even with the amendment which my hon. friend proposes to move to section 7, I submit that the objects of the bill will be better served by putting in section 36 of the Public Works Act, which would cover both section 6 and section 7 of the bill. Therefore, I move, seconded by the hon. member for Gloucester (Mr. Veniot):

That sections 6 and 7 be struck out and the following substituted therefor:

"6. Whenever any works are to be executed under the direction of any department of the government, the minister having charge of such department shall invite tenders by public advertisement for the execution of such works, except in cases

(a) of pressing emergency in which delay would be injurious to the public interest; or

(b) in which from the nature of the work it can be more expeditiously and economically executed by the officers and servants of the department, or

(c) where the estimated cost of the work is less than five thousand dollars and it appears to the minister, in view of the nature of the work, that it is not advisable to invite tenders.

2. Whenever in case of any work tenders are required to be or are invited, the minister having charge of the department concerned shall submit all tenders received therefor to the governor in council, and the contract for the work shall be awarded under the direction of the governor in council.

And that present sections numbered eight, nine and ten be renumbered as seven, eight and nine.

In moving that, I do not think it is necessary for me to add anything to what I said yesterday in regard to this matter. It will give us public advertisement of tenders and will do away with the necessity for the two sections 6 and 7. I understand that the minister proposes to concede, in section 7, pretty much what was advocated yesterday by other members on this side as well as by myself. I wish to say one word which I did not stress yesterday and it is partly in answer to what my hon. friend from Edmonton has said in regard to the persons from whom tenders are received. It is a pretty dangerous thing to attempt to limit the scope of the tender. In tenders for Canadian business, it seems to me that if you are going to get the best value for your money you should not attempt to limit to any one province or section the people from whom tenders may be received. That has been the practice in the past and it is the proper policy. I believe that all the advantages suggested by my hon. friend from Edmonton can be obtained by imposing upon whoever gets the contract the conditions that are requested with regard to the labour that shall be used upon that contract.

The CHAIRMAN (Mr. Sullivan): This amendment is not in order. We are considering section 6 and this is an amendment to section 6 and 7. Standing order 76 provides:

In proceedings in committee of the whole house upon bills, the preamble is first postponed, and then every clause considered by the committee in its proper order; the preamble and title to be last considered.

Mr. ELLIOTT: I made the suggestion, and I thought it was concurred in, that 6 and 7 be considered together.

Mr. STEWART (Leeds): I have been contending the very opposite, that 6 should stand on its own merits. I move that the committee rise and report progress and ask leave to sit again.

Mr. ELLIOTT: I have some further remarks to make.

Progress reported.

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

Friday, June 29, 1934

The house met at eleven o'clock.

PRICE SPREADS AND MASS BUYING

PRESENTATION BY MR. STEVENS OF THIRD REPORT OF SPECIAL COMMITTEE

Hon. H. H. STEVENS (Minister of Trade and Commerce) presented the third report of the select special committee on price spreads and mass buying, together with the evidence. The report is as follows:

The select special committee, to which was referred the following resolution of the House of Commons passed on February 2, 1934:

"That a select special committee of eleven members of the house be appointed to inquire into and investigate the causes of the large spread between the prices received for commodities by the producer thereof, and the price paid by the consumers therefor; and the system of distribution in Canada of farm and other natural products, as well as manufactured products, and, without restricting the generality of the foregoing, more particularly to inquire into and investigate:—

(a) the effect of mass buying by department and chain store organizations upon the

regular retail trade of the country, as well as upon the business of manufacturers and producers;

(b) the labour conditions prevailing in industries supplying the requirements of such department and chain store organizations, and the extent, if any, to which existing conditions have been brought about by the purchasing practices of such organizations, and the effect thereof upon the standard of living amongst those employed in such industries and organizations;

(c) the relation between the flour milling industry and the bakeries of the country, and the effect of such relations upon the baking industry of Canada;

(d) the methods and system prevailing in the marketing of live stock and animal products for domestic consumption and export, and the extent to which the present system affords or restricts opportunity for fair returns to producers.

"That the committee shall have the power to send for persons, papers, and records and the further power to request the appointment of a commission or commissioners under the Inquiries Act, to secure evidence to be presented to the committee by such commission or commissioners.

"That the committee shall report to the house from time to time its findings, together with recommendations of such measures as in the opinion of the committee may be considered necessary to secure as far as possible fair and just practices in the distribution and marketing systems of Canada, with fair and just returns to producers, employees, and employers, not inconsistent with the rights of consumers."

begs to submit the following as a third report.

Pursuant to the resolution of the House of Commons of February 2, 1934, above referred to, your committee has been in session on sixty separate days and has heard and examined under oath various witnesses, and under the powers conferred upon it, appointed auditors and investigators to examine into matters pertinent to the said order of reference and coming within its purview. Due to the voluminous character of the evidence and the limited time at the committee's disposal it has not been possible for the committee to complete the investigations and inquiry contemplated by the terms of the resolution and to report thereon before prorogation.

Under the rules of parliament the powers of your committee cease on prorogation, and being fully seized of the necessity of completing the subject matter of the said resolution, your committee begs to recommend:

That the inquiry be continued;

That the members of this committee be appointed commissioners under the provisions of Part I of the Inquiries Act, Chapter 99 of the Revised Statutes of Canada (1927), to continue and complete their investigations and inquiry;

That the commissioners be authorized to engage the services of counsel, secretary, accountants, technical advisers, reporters, clerks, stenographers and investigators to aid and assist the said commissioners in the inquiry, and to print the evidence, proceedings and documents received by the commission;

That the records, exhibits and evidence received and taken by the said special committee be made available to the commission;

That the commissioners may hold meetings at such places and at such times as they may consider expedient for the purposes of the inquiry; and

That the commissioners report their findings to the Minister of Trade and Commerce.

A copy of the evidence and proceedings taken is submitted with this report.

H. H. Stevens,
Chairman.

RADIO BROADCASTING

PRESENTATION BY MR. MORAND OF FINAL REPORT OF SPECIAL COMMITTEE

Hon. RAYMOND D. MORAND (East Essex) presented the second and final report of the special committee appointed to inquire into and report upon the operations of the commission, under the Canadian Radio Broadcasting Act, as amended at the last session of parliament, as follows:

Your committee held twenty (20) sessions and heard thirty-seven (37) witnesses, including five (5) members of parliament, and, after reviewing the evidence, it has been made apparent to your committee that the establishing of national broadcasting in Canada presents many difficulties, for the correction of which time, experience and large expenditure of public money will be necessary.

Your committee therefore recommends:—

(1) That in view of evidence given before this committee, the government should, during the recess, consider the advisability of amending the act, with a view to securing better broadcasting facilities throughout the dominion. In the opinion of your committee, radio broadcasting could best be conducted by a general manager.

(2) That the collection of the fees for radio licences should be simplified and that one licence fee should cover only one receiving set.

(3) That the provision of the act dealing with advertising should be more liberally interpreted.

(4) That a greater use of electrical transcriptions be permitted.

(5) That, pending nationalization of all stations, greater cooperation should be established between privately-owned stations and the commission.

(6) That chapter 35 of the statutes of Canada for 1933, which expired on the 3rd day of April, 1934, be renewed until the 31st day of March, 1935.

A copy of the minutes of proceedings and minutes of evidence adduced before your committee, together with papers relative thereto, filed by witnesses, is hereto appended for the information of the house.

All of which is respectfully submitted.

Raymond D. Morand,
Chairman.

Mr. WRIGHT (for Mr. Morand) moved that the report be concurred in.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, my purpose in rising is not to make any objection,

but simply to inquire as to whether or not the committee considered the question of the use of the radio during the period of a general election, in order to ensure impartiality and fair play as between the different political parties. This particular subject may not properly arise at the present moment; it may, I imagine, more properly be discussed when we are considering the Elections Act. I mention it now however because it is a subject which I think should receive some attention from the house before we conclude this present session.

Mr. MORAND: The matter was not considered by the committee.

Mr. EULER: I should like to know the meaning of that clause in the report which recommends a more liberal construction of the provision with regard to advertising. Under the present regulations five per cent of the time is limited to advertising and I should like to know if it is the intention of the department to recommend that more than five per cent of the time may be devoted to advertising.

Mr. MORAND: This does not change the act which will still provide for five per cent of the time. The commission has some leeway and this is simply an invitation that they shall be a little more liberal.

Mr. EULER: Meaning, to give more time?

Mr. MORAND: A little more liberal in the interpretation of the five per cent provision which is still in the act.

Mr. EULER: There must have been something in the minds of the committee. Did they intend that the commission should be more liberal and give more time; is that the idea?

Mr. MORAND: Yes.

Motion agreed to.

RADIO BROADCASTING ACT

Right Hon. R. B. BENNETT (Prime Minister): With the consent of the house, I should like to move for leave to introduce Bill No. 126 which is based on the report made by the radio committee. This bill merely reenacts chapter 35 of the statutes of last year, except that in the last section the figures "1935" are substituted for "1934."

Motion agreed to and bill read the first and second times.

Mr. BENNETT: If the house consents, I will move the third reading.

Mr. WOODSWORTH: The hon. member who represented this section of the house in the committee is not present and it seems to me it is rushing things a little too much to have the three readings at one sitting. I think third reading could be deferred until later.

Motion stands.

PENSION ACT AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister): With the consent of the house and only for the purpose of having it printed immediately, I move for leave to introduce Bill No. 127, to amend the Pension Act. This merely adds a subsection to one of the sections to provide that in the event of there being a vacancy in the chairmanship, a judge of any superior court of any province may be appointed to hold office for not more than one year and to receive his salary as judge and a per diem allowance of $15. Last year the house provided for a larger allowance in the case of the appointment of an ad hoc judge. It is considered that under present day conditions an allowance of $15 is sufficient.

Motion agreed to and bill read the first time.

SOLDIER SETTLEMENT BOARD

On the orders of the day.

Mr. ANGUS MacINNIS (South Vancouver): Mr. Speaker, that part of the report of the special committee on the civil service which refers to the soldier settlement board will, I understand, require legislation in order that it may be implemented. I should like to ask the Prime Minister (Mr. Bennett) if it is the intention of the government to bring down a bill for this purpose before the house prorogues.

Right Hon. R. B. BENNETT (Prime Minister): It was not intended to do so.

COMMEMORATIVE STAMPS

On the orders of the day.

Hon. ARTHUR SAUVE (Postmaster General): Mr. Speaker, last Wednesday the hon. member for Gloucester (Mr. Veniot) asked if the Post Office Department had given any consideration to the issuing of a stamp in commemoration of the one hundred and fiftieth anniversary of the founding of New Brunswick. During the past two years the department has been dealing with applications for the issuing of commemorative postage stamps in connection with anniversaries in various cities and provinces. Owing to the urgent

need for economy and in observance of the regular policy of the department, it has been found impossible to issue stamps except those which would be of nation-wide interest. There are two stamps which will issue on July 1. One is in commemoration of the four hundredth anniversary of the discovery of Canada by Jacques Cartier. The other is in commemoration of the one hundred and fiftieth anniversary of the settlement in Canada of the United Empire Loyalists. Among the applications received, was one from various persons interested in the one hundred and fiftieth anniversary of the founding of New Brunswick. The department is aware that this event is not to be confused with the landing of the empire loyalists in New Brunswick, which event I understand was celebrated last year, but it is felt that the new stamp issue undoubtedly will prove of interest in connection with both events. The long established policy of the department has been not to issue stamps in commemoration of provincial or municipal anniversaries, and the issuing of such a stamp as referred to by the hon. member would be a direct departure from this established practice. The two stamps which are now in the course of preparation were considered to be of paramount importance. Widespread demands were received from all parts of Canada that such stamps should be issued and as their issuance would be in accordance with the regular practice of the department, they were given precedence over all other applications. Among other applications the following are mentioned: Toronto Centennial, Trois Rivieres, Diamond Jubilee of British Columbia, Montreal Centennial, Founding of Basilica at Gaspe, Empire Games at Hamilton, Montreal Harbour Bridge, Welland Ship Canal, Laura Secord Anniversary.

Mr. VENIOT: When I asked the question it was not my intention to introduce the subject of celebrating provincial events by the issuing of memorial stamps. The minister has said that it has been against the practice of the department for many years to issue such stamps, memorial stamps being intended to commemorate dominion-wide events.

Mr. SAUVE: I did not make the statement to provoke a debate.

Mr. VENIOT: I am not going to provoke a debate at all. I merely wish to point out to the minister and the house that the United Empire Loyalists first landed in Canada not in Ontario but in New Brunswick, and that the issue of a memorial stamp commemorative of the 150th anniversary of the event is not dominion but provincial wide.

[Mr. Sauvé]

BUSINESS OF THE HOUSE

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I understood the Prime Minister to intimate yesterday that there were further supplementary estimates. If there are to be such, I should be glad if he would indicate what they are.

Right Hon. R. B. BENNETT (Prime Minister): I said there were supplementary estimates not yet passed. Perhaps the right hon. gentleman will recall that we agreed that certain items in the supplementaries should stand in order that discussion might be carried on, he having agreed that we should pass the main estimates. The supply bill was assented to yesterday in order that there might be no delay in supplying cheques to the staff. That is why we had to take royal assent yesterday.

CANADIAN FARM LOAN ACT

CONCURRENCE IN SENATE AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendment made by the Senate to Bill No. 93, to amend the Canadian Farm Loan Act.

He said: In moving that the amendment be concurred in, I merely desire to point out that inasmuch as we added a new Part II to the Canadian Farm Loan Act, and in section 11 of the bill as passed by this house we used the word "act," the Senate has suggested that the word "act" be deleted and "part" substituted therefor. I therefore move that the amendment be concurred in.

Mr. MACKENZIE KING: No conference on that, is there?

Mr. BENNETT: No.

Motion agreed to; amendment read the second time and concurred in.

FARMERS'-CREDITORS' ACT

CONSIDERATION OF AMENDMENTS BY THE SENATE

Right Hon. R. B. BENNETT (Prime Minister): The amendments made by the Senate to Bill No. 92 are in one sense important and in another merely a change of words. In subsection (1) of section 3 this house provided for the appointment of one official receiver in each county or district, and the Senate has amended that by providing that the governor in council may appoint an official receiver or receivers in each county or district, and I cannot see that the meaning of it is in any sense changed. The effect of

the Senate amendment is to strike out subsection (1) and substitute therefor the following:

(1) The governor in council may appoint an official receiver or receivers in each county or district or for any number of counties or districts of any province to which this act applies, as he may deem necessary or expedient.

I cannot see that there is any great difference in result between the two and I would therefore move that that amendment be concurred in. When we come to section 17 however I have to disagree with the Senate, and I therefore move:

That a message be sent to the Senate to acquaint their Honours that this house agrees to their amendment to clause 3 of the Bill No. 92, an act to facilitate compromises and arrangements between farmers and their creditors.

And disagrees to their amendment to clause 17 for the reason that, unless the interest rate is reduced to five per cent after the payment of three months' bonus, there would be no inducement to the lender to accept payment. The purpose and intent of the proposed legislation are to induce the lender, on payment of the principal sum and interest to the date of payment, with the bonus of three months' interest, and thereafter by reducing the interest rate to five per cent, to accept payment without further delay.

And that the clerk of the house do carry the said message to the Senate.

The amendment of the Senate was to leave seven per cent as the amount payable after payment had been made of the principal sum and interest to the date of payment, with the bonus of three months' interest, and there would be little or no inducement, which was the point we were aiming at, on the part of the lender to accept payment. This probably is a misunderstanding of what the purpose of the measure was with respect to that part of the section which is dealt with by the Senate, and I therefore move that we concur in the first amendment and, as regards the second amendment, disagree for the reasons stated.

Motion agreed to.

DOMINION FRANCHISE ACT

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee on Bill No. 101, respecting the franchise of electors at elections of members of the House of Commons.

Motion agreed to and the house went into committee, Mr. Sullivan in the chair.

On section 1—Short title.

Mr. MACKENZIE KING: I wish to make a suggestion to the Minister of Justice with a view solely of expediting the consideration of this measure. Would it be agreeable to the minister that the committee should run through the bill, pass the noncontentious clauses first and hold over the contentious clauses, excepting possibly any minor amendments, and reserve until we get through the noncontentious features any observations of a general nature on the measure.

Mr. GUTHRIE: That is quite satisfactory to me.

Mr. MOTHERWELL: My recollection is that when this bill was read the second time my right hon. leader took the ground that he supported it with the understanding it was without prejudice to the discussion of any phase of the bill and I want to express my disapproval, on the first clause, the usual time, as I understand the matter, to take exception and strong objection to the principle of a closed list especially as applied to rural areas. We had some experience of that in the past, away back in 1896, in the Northwest Territories and it proved to be utterly impossible to get a proper closed list within any definite time before election day. It lends itself to all kinds of disfranchisement of remote or isolated electors left off the lists and I do not want any more of that so far as rural Saskatchewan is concerned.

Further, in 1912 the Conservative provincial opposition in Saskatchewan of that day led by Mr. McLean, I think it was, took it into their heads right after the election on reciprocity that open lists were bad for their party; that all the frontier areas were usually Liberal and many were obliged to swear on their names on election day. They set up a blockade against the Liberal franchise bill and insisted on a closed list. I do not suppose many in the house are aware of that but for sixty hours in succession the opposition in the legislature of Saskatchewan in 1912 stuck out for a closed list. The government of the day led by the Hon. Walter Scott was opposed to this and warned them what a closed list would mean to them, the imperfect nature of it in a new country like that, but after we had been hanging around the corridors for sixty hours a closed list was accorded them. The election of that year was fought on closed lists, the first time since 1896. The poll on voting day showed that the government were justified in taking the ground that it was the opposition that forced through its views on the franchise bill, no closure existing in those days in the legislature. We had a terrible time getting all eligible voters on the lists and then, although it was the opposition that forced this on the

government, the government had to take the responsibility for it. As soon as the election was over, however, we had no more closed lists in Saskatchewan and we have not had since. Of course I realize that is twenty-two years ago and the country is now more settled but the methods of handling closed lists are or may be made just as unfair to-day, as the government and their officers desire to make them. I must admit quite frankly that after the experience of last year when this government deliberately tried to steal a lot of federal seats in their redistribution bill they will not hesitate to steal the election on election day through this franchise bill.

Some hon. MEMBERS: Order!

Mr. MOTHERWELL: There is no order about it; I know what I am saying. It is all very fine for the government to make all kinds of professions of what they desire, but I know what they want. They want political advantage through this bill to their side and I do not want them to get any such unfair advantage. Therefore I am opposed to this provision and whatever clauses it comes up on I desire to give full notice now that I am going to oppose it. The government is not so foolish as to believe that we think this bill is for anybody's manifest advantage but their own.

Moreover, when I remember the draftsman of this measure and his pedigree and record in the past, one Mr. J. F. or F. J. O'Connor, the same draftsman who drafted the War-time Elections Act, I am most fearful. It was the most heinous disfranchising act that was ever put on the statute books in Canada. This bill, according to the honeyed words of the Prime Minister and the Minister of Justice, when presenting it, is supposed to be the very opposite of the War-time Elections Act. Honeyed words from the lips but the poison of asps under their tongues is a bad contrast, but that is what it was. Having regard to the before mentioned draftsman of the measure we could not expect anything else. Can a fountain give forth both sweet and bitter waters at the same time?

Some hon. MEMBERS: No.

Mr. MOTHERWELL: Can Mr. O'Connor draft an act such as the War-time Elections Act, the like of which we never saw before, and then draft a white man's bill to-day? Certainly not. When the government employed this individual they should have known what would have been expected in the initial draft legislation. Having regard to that fact we should not be quite such simpletons as to accept at their face value those nice words with which the resolution was presented, nor can we accept what they are saying to-day that the original draft was in the nature of a memo. I think I have made sufficiently plain that I have a lack of confidence in the government in putting through any kind of franchise act at this time.

Mr. MACKENZIE KING: Evidently this clause is one which will open the way to a general discussion of the measure. Perhaps my colleague did not hear the suggestion I made a moment ago to the effect that we run through the bill, pass the non-contentious clauses first and hold over any that are at all contentious. As soon as we begin to discuss the contentious clauses, we might then open up a general discussion.

Mr. MOTHERWELL: That is agreeable to me, but of course the question is interwoven all through the bill.

Mr. MACKENZIE KING: Yes, but if at any point an hon. member wishes to have a clause stand, it is understood it will stand. I made the proposal I did solely with a view to expediting the consideration of the measure.

Mr. MOTHERWELL: I am quite agreeable to that but one needs to have all one's hearing to understand some of these blamed sections, subsections and provisions when we come to them hurriedly and the first thing you know they are through although the clause may be contentious and should therefore stand. I am, however, willing to take my chances. I have a new battery on to-day and I think I can catch pretty much what's going on.

Section 1 stands.

On section 2—Application.

Mr. MACKENZIE KING: Stand.

Mr. GUTHRIE: Why should clause 2 stand?

Mr. MACKENZIE KING: That is the one on which a general discussion might best come, clause 1 might be carried.

Section 1 agreed to.

Section 2 stands.

On section 3—Interpretation.

Mr. POWER: I have suggested an amendment to another section which might involve the drafting of an amendment to clause 3 for the purpose of defining the words "former electoral district." I have sent a copy of my proposed amendment to the Minister of

Justice, but subject to a discussion of that later on I think the whole of clause 3 might pass.

Mr. GUTHRIE: We will let it pass subject to the hon. member's objection.

Mr. MacINNIS: Before clause 3 passes I would like to say something on rule 9. If this is not the proper time I shall reserve what I have to say for some other time.

Mr. GUTHRIE: Then we had better let the whole clause stand.

Mr. LAPOINTE: Why not carry clause 3 except rule 9? That is the only thing.

Mr. GUTHRIE: Is rule 9 the only section?

Mr. MacINNIS: That is the only section I wish to say anything about. I suggest that we carry the section subject to further discussion on rule 9.

Mr. POWER: I think I sent an amendment over.

Section agreed to, subject to reservation of rule 9.

On section 4—Qualifications and disqualifications of electors.

Mr. POWER: Would you let stand subsection (xii) and subsection 3? I have an amendment, a copy of which I shall send to the minister. Further on there is a section which says that swearing in by the elector accompanied by a person vouching for him before the enumerator will definitely establish that elector's right to vote.

Mr. GUTHRIE: We shall let subsection 3 stand.

Section agreed to subject to reservation.

On section 5—The commissioner and his staff.

Mr. POWER: That section may require amendment later on, depending entirely on who is appointed commissioner. If he held a high position in the civil service the time spent in the civil service should be allowed to count for superannuation.

Mr. MACKENZIE KING: And subsection 3 has to be filled in as to the amount of salary.

Mr. GUTHRIE: Subsection 3 of section 5 stands.

Section agreed to, subject to reservation of subsection 3.

Sections 6 to 16 inclusive agreed to.

On section 17—Preparation of lists of electors.

Mr. POWER: Has the minister considered the amendment?

Mr. GUTHRIE: Not yet. Let it stand.

Section stands.

Mr. GUTHRIE: I think we can deal with the rules in section 17.

On schedule A to section 17—Preparation of lists of electors in urban polling divisions.

On rule 1.

Mr. POWER: May I call the attention of the minister to line 19 and following, where it says:

> The enumerators shall leave at the residence of every elector visited by them, whose name they propose to register on the list of electors which they have been appointed to prepare, a notice in form No. 7, that they have granted the elector's application to be so registered.

I suggest an amendment indicating that they shall leave a notice that he has been accepted or refused. In case he is refused it is well that he should have a notice.

In that case you would have to change form No. 7, and I am sending to the minister a copy of a proposed change in the form and copy of a suggested amendment:

> That rule 1 of schedule A to section 17 be amended by inserting after the word "granted" in line 24 the following words "or refused as the case may be."

Mr. GUTHRIE: I accept that amendment.

Mr. POWER: This involves changing the form.

Mr. GUTHRIE: Yes.

Amendment agreed to.

Rule as amended agreed to.

On rule 2.

Mr. POWER: There was a suggestion made in the committee that the wording "the enumerators shall visit every house in their polling division" does not sufficiently describe what is intended. They should visit every dwelling place. For instance if it were an apartment house he could say he visited it, but there might be many families.

Mr. GUTHRIE: I have no objection to making it read "dwelling place."

Mr. POWER: "Every house and residence" has been suggested.

Mr. GUTHRIE: I think "dwelling place" is the broader term.

Mr. POWER: Shall the amendment be:

To substitute the words "dwelling place" for the word "house."

Mr. GUTHRIE: I am satisfied. You will have to change it in line 30 also.

Amendments agreed to.

Rule as amended agreed to.

Rules 3 to 10 inclusive agreed to.

On rule 11.

Mr. POWER: The suggestion I make is for the convenience of all parties. In connection with subsection (c) the following appears:

of objections to the inclusion of any names in any preliminary list of electors of which at least two days' notice has been given in writing sent by mail, registered and prepaid, addressed to the person whose name is objected to at the address given for such person in the list.

My suggestion is that a form of such objection be prepared. As the minister is aware, there is a form of objection when the objection is made on oath, but in this case there is no form. In fact it is intended that these objections in writing shall be made in an informal way, but I suggest that if the registrar had forms which he could distribute to candidates or party workers or those interested it would be much more convenient both for the registrar and those interested in the election. This form could be sent through the mail. As it is now any sort of letter may be written.

Mr. GUTHRIE: Is that not better than limiting it to the form? Any kind of objection may be made by letter.

Mr. POWER: But in a great many cases there are certain objections, and those objections are fully stated in the form which is to be used when the objection is made under oath. I would suggest that an identical form, with the exception that no oath would be required, should be provided in this case for the convenience of all parties. It is only a matter of convenience.

Mr. GUTHRIE: I do not think there is very much in this suggestion.

Mr. MERCIER (Laurier-Outremont): Is not subsection (c) clear enough? The right is given to object to the inclusion of any names in the preliminary lists of electors as to which at least two days' notice has been given in writing. Does that not cover it?

Mr. GUTHRIE: I think that is broad enough to cover it.

Rule 11 agreed to.

Rule 12 agreed to.

[Mr. Guthrie.]

On rule 13.

Mr. POWER: I would ask to have this stand, because it is not quite clear. Perhaps I should explain to the minister my objection to it. It reads:

Every elector applying in person to the revising officer to have his name as it appears on the preliminary list for his polling division corrected shall sign an application in form No. 10—

Form No. 10 provides for correction.

—in which all the information required by the said form shall be sufficiently filled in either by the applicant personally or by the revision officer at the applicant's request. Before correcting the list the revising officer shall satisfy himself that the applicant understands the effect of the statements in the application, and that he is entitled to have the list corrected pursuant to his request.

May I ask why it should be necessary to sign this application to the revising officer?

Mr. GUTHRIE: It is for the purpose of precision. Evidently an error has already occurred, and this is to make it precise.

Mr. POWER: Only for correction?

Mr. GUTHRIE: That is all.

Mr. POWER: There is nothing here that says what shall happen to the elector applying for inclusion, not for correction. He has not been included in the enumerators' list and he wishes to be included. That would be covered by rule 15, which says he shall sign an application. If the elector applies in person to the revision officer that should be sufficient to have his name entered on the list, but he should obtain a somewhat similar certificate to that which is given by the enumerator.

Mr. GUTHRIE: If he is right there on the spot and sees his name added I should think that would be enough. I am afraid we are going to have too many documents if we do not look out, and there is a certificate under rule 15.

Mr. POWER: Then let us provide that he shall see the name is entered on the list.

Mr. GUTHRIE: The revising officer has to detach a part of the stub and hand it to the applicant.

Mr. POWER: No, he has not. Unfortunately we have overlooked the fact that this stub refers only to the correction and not to the application for inclusion. There is no form providing for an application in person. There is a form providing for a correction but

there is none for an application in person, so therefore this stub does not exist. That is left over from the act as it was presented to the house originally.

Mr. GUTHRIE: I do not think it is of much consequence. If the man is there and sees his name put on the list that ought to be enough.

Mr. POWER: After all, in rule 15 we say:

If the revising officer decides that the applicant's name should be included in the list, or that the amendment thereof which he requests should be made, he shall certify accordingly by signing the appropriate certificate on the stub of the application, which he shall forthwith detach and deliver to the applicant.

We do not provide anywhere for an application to be included; there is no form for it.

Mr. GUTHRIE: There are two kinds of applications, and one is where a man appears in person. I grant that there is no form when a man appears in person.

Mr. POWER: How are you going to give the stub if there is no form?

Mr. GUTHRIE: The form as provided has two parts to it; it is divided. On the one side appears:

This is to certify that the application bearing the undermentioned number was refused.

That is on page 50.

Mr. POWER: That has to do with rule 19.

Mr. GUTHRIE: On the other side appears:

This is to certify that the application bearing the undermentioned number was accepted.

Mr. POWER: That form is called, if the minister will look at page 49, "form No. 10 (section 17, schedule A, rule 13):

Application of an elector for correction of his name, etc. as in a preliminary list.

Mr. GUTHRIE: Do I understand that my hon. friend wants this form to apply to all applicants?

Mr. POWER: I would suggest to the minister that when a man applies in person he does not need to sign a form. The revising officer then and there decides whether he should be on the list but, for the purpose of appeal, as dealt with in another section, he should be told why he is refused if he is refused, and given a certificate of inclusion if he is included. It is a very easy matter to correct.

Mr. GUTHRIE: I do not object to it, but I must say I do not think it is necessary.

Mr. POWER: Certainly it is necessary at the present time. In section 15 you refer to the stub of an application, and there is no such thing as an application for inclusion.

Mr. GUTHRIE: We will include it.

Rule stands.

On rule 14.

Mr. POWER: I would ask that rules 13, 14, 15 and 16 stand.

Rules 14, 15 and 16 stand.

Rules 17 to 20 inclusive agreed to.

Rule 21 stands.

Rules 22 to 28 inclusive agreed to.

On schedule B—Preparation of lists in rural polling divisions.

Rules 1 to 7 inclusive agreed to.

On rule 8.

Mr. MOTHERWELL: Are we dealing with rural polls? What is being done? Are all these rules being passed or do they stand? There is no use talking about the thing afterwards if you are passing all the rules now. Have all the rules under the heading "Preparation of lists in rural polling divisions" been passed?

Mr. GUTHRIE: If the hon. member wishes any to stand, we will let them stand.

Mr. MOTHERWELL: They are now standing.

Mr. GUTHRIE: No, but if the hon. member wishes them to stand we will let them. Otherwise, if there is no contention we will pass them.

Mr. MOTHERWELL: There is every contention, if you are preparing rural polls on a closed list basis. I contest it, and the understanding is that the controversial parts of the bill are to stand. I am positively opposed to rural closed lists being run off like this. The understanding is that the non-controversial sections only may be passed at this time. That is the very essence of my objection; let them stand.

The CHAIRMAN (Mr. Sullivan): Will they all stand?

Mr. MOTHERWELL: Yes, sure.

Mr. IRVINE: We could hardly have them all stand on an objection of that sort, because such objection involves the whole principle of the bill. The proper procedure would be to move an amendment on third reading, and kill the bill.

Mr. MOTHERWELL: Nothing of the kind. The understanding upon which second reading was granted was that it would be read a second time without prejudice. The understanding was to allow second reading to see if we could not make a bill out of it, as we did with the central bank legislation. We wanted to get something out of it.

Mr. GUTHRIE: Well, suppose we let one rule stand, with the understanding that the whole subject is open.

Mr. MOTHERWELL: All right.

The CHAIRMAN (Mr. Sullivan): Then rules 1 to 10 are carried?

Mr. POWER: I have an amendment to rule No. 10. I move—

That rule 10 of schedule B to section 17 be amended by striking out the words "qualified elector" in line 39 and substituting the word "person" therefor.

I shall send a copy of the suggested amendment. Since rule 10 will stand, perhaps the minister would consider the amendment, and at a later time he will be in a position to say whether or not he is prepared to accept it. I believe the amendment is self-explanatory. Is the minister content to let it stand for a moment?

Mr. GUTHRIE: I do not see that the amendment would affect the rule, because if he is not a qualified elector he cannot get on the list.

Mr. POWER: But you are putting the cart before the horse.

Mr. GUTHRIE: And an "elector" means a person who pursuant to section 4 of the act is qualified.

Mr. POWER: This person is a person who makes application but presumably he has not pursuant to this act been as yet qualified, because he has not been put on the list. Anyway I shall discuss the matter with the minister.

Mr. GUTHRIE: I have no objection to it, if my hon. friend wishes to have the amendment. The change will be made as he has suggested.

Amendment agreed to.

Rule as amended agreed to.

Mr. POWER: Then, as rule 10 (a) I should like to suggest the following:

That schedule B to section 17 be amended by adding the following as rule 10 (a):

The enumerator shall permit to be present in the place of revision two representatives of each recognized opposed political interest in the electoral district, but no representative shall, except with the permission of the enumerator, have any right to take part in or intervene in the proceedings.

[Mr. Irvine.]

Mr. GUTHRIE: I agree.

Rule 10 (a) agreed to.

Rules 11, 12 and 13 agreed to.

On rule 14—

Mr. CASGRAIN: I should like to make one observation in connection with this rule. It provides:

The registrar of electors shall, forthwith upon the receipt by him from any enumerator of copies of any preliminary lists of electors or of any statements of changes and additions made in any such preliminary list, supply to each of the persons who were candidates at the last held dominion election in the applicable electoral district, or their representatives, one copy of such preliminary list or statement of changes and additions.

I have looked at the bill, and stand to be corrected, but my understanding is that when the yearly revisions take place afterwards there is no provision for any such corrected lists to be sent to the former candidates, either the candidates at previous elections or the sitting members.

Mr. GUTHRIE: When we come to Part III my hon. friend may discuss that matter.

Mr. CASGRAIN: Yes.

Mr. FRASER (Cariboo): I should like to ask if it is the intention, in connection with a district which has been divided, to send the forms to the candidate who formerly represented the whole district?

Mr. GUTHRIE: That is the intention, yes.

Rule 14 agreed to.

On rule 15.

Mr. GUTHRIE: We had better hold rule 15 open for a general discussion. For that reason rule 15 will stand.

Rule 15 stands.

On section 18—Lists remain valid until superseded.

Mr. MOTHERWELL: I think that section should stand.

Section 18 stands.

Sections 19 and 20 agreed to.

On section 21—Notice of revision.

Mr. POWER: I believe on this section I may be able to meet the objection stated by the hon. member for Charlevoix-Saguenay

(Mr. Casgrain). I had suggested an amendment be prepared to subsection 6 of section 21, and I think the minister would accept it. I suggest that it is through an oversight subsection 6 of section 21 with the marginal note "copies to ex-candidates" reads as follows:

(6) The registrar of electors shall, on the same day as that whereon he sends by mail copies of such notice to the various postmasters, also send by mail or deliver five copies of the notice to each person who was, at the last dominion election held in the electoral district, a candidate for election.

I suggest to the minister that at this point he should use words similar to those used in section 16, to this effect:

In the case of a new electoral district wherein, as that electoral district is by law newly described, no election has ever been held the registrar shall mail or deliver ten additional copies of the notice to each person who was at the last dominion election held in any electoral district any part whereof is embraced within such new electoral district a candidate for election, and shall request that person to mail or deliver such additional copies to such other person or persons in such new electoral district as in the judgment of such first named person ought to receive them.

The idea is that in a new district the former member or defeated candidate in the old district shall be notified, in order that he in turn may notify the persons whom he thinks should be notified. That covers the point raised by the hon. member for Charlevoix-Saguenay. That is to say, the candidate in the former electoral district or seat should receive the notice mentioned in this bill.

Mr. CASGRAIN: Does that cover changes and additions made in annual revisions? I want to make sure that the additions and revisions made in each succeeding year after the first list is made shall be sent to the candidates, as is done in connection with the first list. I do not see in this bill any provision applying after the first list is made whereby any order is issued or it is incumbent upon the official making the list to send copies of changes or modifications of the list to the sitting or defeated members.

Mr. GUTHRIE: I think that is covered now.

Mr. CASGRAIN: Where?

Mr. GUTHRIE: They are printed and twenty copies are sent out.

Mr. CASGRAIN: What paragraph is that?

Mr. GUTHRIE: We will come to it. Twenty copies go to the candidate and the opponent who had the highest number of votes.

Mr. BLACK (Yukon): What is the necessity of subsection 3 of section 21? There is no more need of such a procedure in the Yukon than in any other constituency.

Mr. GUTHRIE: I should like to strike that out.

Mr. BLACK (Yukon): It should be struck out.

Mr. GUTHRIE: We will come to it in a moment.

Mr. POWER: That provision is in another section. I imagine it has been carried over from the old acts. The hon. member for Yukon (Mr. Black) will notice the same provision in subsection 3 of section 16.

Mr. GUTHRIE: We will strike it out as being unnecessary.

The CHAIRMAN (Mr. Sullivan): In sections 16 and 21.

Mr. POWER: It may be somewhere else.

Mr. GUTHRIE: The hon. member for Quebec South (Mr. Power) read an amendment to this section.

Mr. POWER: I have not one prepared at the moment and my suggestion is that when we go over the bill again we have an amendment prepared incorporating the provisions of section 16.

Mr. GUTHRIE: We will have one at that time.

Mr. CASGRAIN: I was given to understand that all additions, changes and modifications would be sent to the defeated candidate and the sitting member. The officer who is sitting in front of the minister signified to me that there was a provision covering that. If there is such a provision I should like to know where I can find it.

Mr. CARDIN: Section 46 covers that.

Mr. POWER: I do not think that section covers the point raised by the hon. member for Charlevoix-Saguenay. It states "every candidate at an election" and a person might not be a candidate at the time the annual revision was made. There might not be an election in prospect so he would not be a candidate.

Mr. GUTHRIE: What does my hon. friend want?

Mr. POWER: Perhaps section 31 could be amended.

Mr. GUTHRIE: We have not come to that yet. Just remind us when we reach it.

Mr. POWER: Section 31 states that when a list of electors is prepared the registrar shall certify it as correct and transmit to the commissioner the certified original list, the original signed applications for registration and all other lists and documents had by him in connection with the revision. Perhaps we should insert a clause to the effect that several copies of these lists should be forwarded to the candidates at the former elections.

Mr. GUTHRIE: That would entail a terrific lot of work; he gets a printed list almost immediately.

Mr. STEWART (Edmonton): Is that covered by section 46?

Mr. POWER: Section 46 is not broad enough either. We will have to change them both.

Mr. GUTHRIE: The definition of candidates is:

"Candidate" includes a person who is, pursuant to The Dominion Elections Act, 1934, nominated as a candidate at an election of a member to serve for an electoral district in the House of Commons of Canada, and a person who was, pursuant to that act or to the Dominion Elections Act, nominated as aforesaid at the election last held in such electoral district before the commencement of a general registration of electors—

That covers the presently nominated candidate as well as the then nominated candidate at the last elections. Subsection 2 of section 46 states that every candidate at an election shall be entitled on demand to twenty copies of the lists. If the words "at an election" were struck out it would then cover the candidate nominated for the next election as well as the person who was a candidate at the last election. I think that would cover the point. When we reach this section I will move that the words "at an election" be struck out.

Mr. CHEVRIER: Does not that refer only to the final lists?

Mr. GUTHRIE: That is the printed lists?

Mr. CHEVRIER: After the basic list has been prepared, a revision is made each year and what we want is some provision whereby those revised lists will be received by the candidates at the last elections or the persons who may be candidates at the next elections.

Mr. GUTHRIE: The list is printed every year when it is finally revised and twenty copies go to each person who is a candidate.

The CHAIRMAN (Mr. Sullivan): Shall section 21 carry?

Mr. FACTOR: There is an amendment.

Mr. IRVINE: What section are we on?

The CHAIRMAN (Mr. Sullivan): Subsection 6 of section 21.

Mr. GUTHRIE: There is an amendment to be prepared.

Mr. STEWART (Edmonton): Would there not be a little conflict? The defeated candidate would be the person who was a candidate in the last elections. That person might be supplanted by a new nominee and as this section now stands the lists would go to the defeated candidate at the last elections rather than to the new nominee.

Mr. GUTHRIE: That has always been the custom and it has never caused any trouble that I have heard of.

Mr. STEWART (Edmonton): I do not suppose it would cause trouble.

Section agreed to.

Sections 22 to 26 inclusive agreed to.

On section 27—Application for registration prior to sittings.

Mr. POWER: I have an amendment the principle of which was accepted in the committee. I would move that section 27 be amended to provide that the registrar shall post up in his office, and shall cause to be posted up in an office within the polling subdivision in which the applicant resides, or, if there is no post office therein, then in the post office nearest thereto, the name of every applicant, and that he shall keep it posted for two weeks, and so on. This amendment provides that instead of merely hanging up the name of the applicant in the office of the registrar, who may reside a hundred miles away from the polling subdivision in which the applicant lives, the name shall be posted up in the post office within or nearest to that polling subdivision. That amendment was carried in committee.

Mr. GUTHRIE: No, it was not; I understand it was passed and withdrawn. Consider the inconvenience and trouble involved. A man writes a letter before the first of May applying to go on the list, and if there is no objection his name goes on. In the meantime the application must be posted somewhere and it is posted in the office of the registrar. My hon. friend wants the list posted in all offices—

Mr. POWER: The post office.

Mr. GUTHRIE: —from which the application has come. There may be applications from twenty post offices. Is anything to be

accomplished by machinery of that kind? Is there any necessity for it? I do not think so, and the committee finally concluded that it was not necessary.

Mr. POWER: The minister will remember that in the committee we divided on it and it was carried on division.

Mr. MACKENZIE KING: The minister says it was carried and withdrawn.

Mr. POWER: It was carried on division, and the hon. member for Souris was kind enough to give us his support.

Mr. GUTHRIE: And we reconsidered it immediately and decided that it was not necessary.

Mr. POWER: I did not decide that it was unnecessary.

Mr. GUTHRIE: Look at the trouble and expense for nothing.

Mr. POWER: You might just as well not have any proceeding at all as hanging up the list a hundred miles away from the place of residence of the person concerned.

Mr. GUTHRIE: It is not for his benefit, but for the benefit of those concerned, who know he is applying to get on the list.

Mr. POWER: Yes, that is the point. The people residing in the same subdivision, his neighbours, who know that he has made application should see the list. This provision as it stands is an absolute waste of time. For example, what is the sense of posting up in Murray Bay the name of an applicant residing in the constituency of Charlevoix-Saguenay, or posting it up in Anticosti island ?

Mr. GUTHRIE: If it were posted up in Murray Bay, to take the case cited by my hon. friend, the member or his agent would have knowledge or notice from those in that particular polling division.

Mr. POWER: How would he know whether Baptiste Laframboise had applied?

Mr. GUTHRIE: I do not think there is much object in posting the list at all except to give general information. But if you impose on the election officials the task of sending notices to every remote poll or post office, it seems to me to be an unnecessary burden.

Mr. MACKENZIE KING: But the act is framed for the convenience of the elector, not for the convenience of the officials.

Mr. GUTHRIE: I am talking of the expense and delay.

Mr. MACKENZIE KING: The elector ought to be considered above everything else in this matter.

Mr. GUTHRIE: I agree that he should, but I do not think that in the committee there was any insistence upon the amendment. After the motion was carried it was expressly withdrawn and we worked on the principle here set out. That is the record of the committee according to the clerk who was there.

Mr. POWER: If the clerk made such a record I will ask him to have it stricken from the record because I certainly insisted upon it during the discussion.

Mr. GUTHRIE: Let us know what the amendment is.

Mr. MOTHERWELL: At any rate it is controversial and it should stand.

Mr. POWER: The amendment is to the effect that the list shall be posted up in the post office nearest to the polling subdivision in which the man who makes the application resides.

Mr. GUTHRIE: Why not in the post office from which the man writes the letter?

Mr. MOTHERWELL: Let it stand.

Mr. POWER: What is the objection to posting it up in the post office situate in the place in which he lives or, if there is not a post office there, in the one nearest thereto. The objection made by the minister in the committee was that it might be posted up on a tree somewhere in the forest, and at the suggestion of the hon. member for Weyburn decided that it should be posted up in the post office nearest to the polling subdivision.

Mr. LAPOINTE: I wish to support my hon. friend from Quebec South. I am sorry there is such a misunderstanding, because my hon. friend from West Edmonton remembers as well as I do that the matter was put to a vote and was carried. Now, we are changing the law. The law as it stood allowed everyone not only to get on the list but to swear his vote in; there was no danger of anyone being left out. That is replaced by a closed list. Surely we must give an opportunity to everyone to get on the list if he is entitled to get on, or to remain on it if anyone asks that his name be removed. How can he get notice if the notice is posted up at Murray Bay three or four hundred miles from his place of residence?

Mr. CASGRAIN: Five and six hundred miles away.

Mr. LAPOINTE: It would be impossible. We must ensure that the elector, who will be deprived of the easy way of registering his vote as provided under the old law, shall be given every opportunity to get on the list. Certainly we should not make it impossible for him to get on this closed list, without which he will not be entitled to register his vote.

Mr. CASGRAIN: I support the views expressed by the hon. member for Quebec South and the hon. member for Quebec East. The example cited in my own county is a real one in point. There is only one boat regularly in the summer time going down the St. Lawrence and it takes ten days to make the trip. If a man gets notice at a certain time he will have to send his letter to someone supporting the candidate to have the list revised and he may lose his opportunity of getting on in time. There would be no difficulty if the list were posted in the post office nearest to the polling subdivision in which the applicant resides. When the lists were prepared under the old law this point was taken into consideration. The minister said that every man should be given the fullest opportunity to have a vote.

Mr. GUTHRIE: I think we are pretty generous; there is no complaint and there was not in the committee; we got on there very harmoniously. This is only a matter of convenience or inconvenience and if there is anything to be gained by it I am willing to accept the suggestion but in my view it is entirely unnecessary. If, however, it is the opinion of the committee and particularly of my hon. friends opposite that this should be inserted, we will put it in, but I still hold to my opinion it is an entirely unnecessary bit of machinery. This reads:

And shall cause to be posted up in a post office.

Does that mean an enumerator has to go to the post office and post it up or has the postmaster to do this?

Mr. POWER: We are now dealing with the revision. In the bill there is a clause which says the postmaster.

Mr. GUTHRIE: In each instance where you put a responsibility on the postmaster you have placed it in definite language and we shall have to do the same thing here also.

Mr. POWER: I thought there was in the bill a general clause which made postmasters amenable to the rule.

[Mr. Casgrain.]

Mr. GUTHRIE: Would it not be sufficient to say "shall mail it to the postmaster"?

Mr. POWER: Who shall post it.

Mr. GUTHRIE: Clause 27 had better stand for amendment.

Section stands.

On section 28—Procedure and action of registrars and revisal courts.

Mr. POWER: I would ask that paragraphs (a) and (b) stand.

Paragraphs (a) and (b) stand.

Paragraphs (c) to (h) inclusive agreed to.

On paragraph (i).

Mr. POWER: I think there will have to be a correction of form 28. Perhaps I could explain this to the minister after the adjournment; it is somewhat involved.

Mr. GUTHRIE: Stands as to form No. 28.

Paragraph (i) stands.

Paragraph (j) agreed to.

Section stands.

Section 29 agreed to.

On section 30—Transfer of name from one list to another.

Mr. POWER: Stand. There is some little amendment to be made.

Section stands.

On section 31—Certification.

Mr. POWER: Is it clear it is proposed to amend the clause?

Mr. GUTHRIE: Stand.

Section stands.

On section 32—Right of Appeal.

Mr. POWER: I think this should stand to provide for the right of appeal by a third party who wishes to place the name of someone on the list. This is not covered by clause 32 as we have it now. An amendment covering that was drawn.

The CHAIRMAN (Mr. Sullivan): Does the whole of clause 32 stand?

Mr. POWER: Subclause 1 stands.

Subclause 1 stands.

On subclause 2—Meaning of "a judge."

Mr. POWER: I think the hon. member for Quebec East wished to discuss the meaning of "a judge."

Mr. CASGRAIN: I have something to discuss on this subclause.

Subclause stands.

Subclauses 3 to 5 inclusive agreed to.

Section stands.

Section 33 to 45 inclusive agreed to.

On section 46—May print in any or all districts.

Mr. POWER: Perhaps this had better stand for further discussion.

Section stands.

Sections 47 to 52 inclusive agreed to.

On section 53—To be gazetted.

Mr. POWER: This clause reads:

This act shall not come into force until a day to be fixed by the governor in council and proclaimed by him in the Canada Gazette.

Just for my own information, will this be sufficient in view of what we were obliged to do in connection with the Elections Act? It was first proposed it should come into force by proclamation but it was found we had to make some other provision.

Mr. GUTHRIE: This clause is all right because we are preserving the Elections Act so far as by-elections are concerned which may take place before a dissolution of parliament.

Section agreed to.

On schedule 1.

Forms Nos. 1 to 6 inclusive agreed to.

On form No. 7.

Mr. POWER: There should be added there "stub to be left with elector", indicating whether he is included or excluded. I think the minister has an amendment.

Mr. GUTHRIE: Is this the right form?

Mr. POWER: This is form No. 7 which is left at the residence, the dwelling place, of the elector and it provides only a notice to him that he has been included.

Mr. GUTHRIE: Is this the one to be amended?

Mr. POWER: Yes, by inserting a clause that will indicate that he has not been included so as to give him an opportunity to go before the revising officer and have his name put on.

Form stands.

Forms Nos. 8 and 9 agreed to.

On form No. 10.

Mr. POWER: I think this should stand for a little further consideration.

Form stands.

On form No. 11.

Mr. POWER: While we are on this I would like to repeat my request that we should have a form, say No. 11A, which would be a form of objection not under oath to a registered elector. I am, however, only making the suggestion.

Mr. GUTHRIE: Form No. 11 is all right?

Mr. POWER: Yes.

Mr. GUTHRIE: And there is a suggestion as to form No. 11A.

Form agreed to.

Forms Nos. 12 to 29 inclusive agreed to.

On form No. 30.

Mr. POWER: That will have to be changed, to do away with clause 4.

Mr. GUTHRIE: That comes out anyway. Strike out clause 4.

Mr. POWER: Also clause 9.

Mr. GUTHRIE: Strike it out too. Clauses 4 and 9 come out.

The CHAIRMAN (Mr. Sullivan): By unanimous consent.

Mr. POWER: I do not know that clause 12 should not be stricken out also.

Mr. GUTHRIE: No, that is rather important.

Mr. POWER: You do not ask the man himself to say he is not, why should you ask a third party?

Mr. GUTHRIE: The agent says it.

Form No. 30 as amended agreed to.

On form No. 31.

Mr. POWER: I think this should be further discussed.

Form stands.

Forms No. 32 to 34 inclusive agreed to.

Mr. GUTHRIE: Is it the wish of the committee that we proceed with the sections that have been allowed to stand, or go on with the Dominion Elections Act, and take the non-contentious clauses of it?

Mr. POWER: Let us see what we can do.

Progress reported.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

Right Hon. R. B. BENNETT (Prime Minister): Before you proceed, Mr. Speaker, might I, with the permission of the house, move for leave to introduce a bill dealing with a matter that could not be dealt with under our practice after a bill has had its third reading here and third reading in the Senate? It is in connection with the Canadian and British Insurance Companies Act, 1932, to make available the debentures and debenture stock and other evidences of indebtedness of corporations that have paid their dividends regularly for a period of at least ten years immediately preceding the date of purchase. It affects one transaction at the moment and has affected others in times past. I now have the bill printed, I should have had it this morning but it was not available. If I can get leave I merely move the introduction so that it can be taken up later in the day.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Leave to introduce so that we have opportunity to see the bill?

Mr. BENNETT: Yes. I move we revert to motions.

Mr. SPEAKER: By consent the house reverts to motions.

Right Hon. R. B. BENNETT (Prime Minister) moved for leave to introduce Bill No. 128, to amend the Canadian and British Insurance Companies Act, 1932.

Motion agreed to and bill read the first time.

DOMINION ELECTIONS ACT

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee on Bill No. 115, respecting the election of members of the House of Commons.

Mr. NEILL: Bill No. 115 is not printed yet.

Mr. GUTHRIE: It was given to me yesterday. There was no reprint ordered. There were very few corrections and they were done on the typewriter.

Motion agreed to and the house went into committee, Mr. Gobeil in the chair.

Mr. POWER: May I suggest that, with the same reservation as was made in respect to the Franchise Act, the general discussion can be held later on and that we now proceed to pass the non-contentious clauses, of which there is a large number?

Mr. GUTHRIE: I agree.

Section 1 agreed to.

On section 2—Interpretation.

Subsection 1 agreed to.

On section 2, subsection 2—Application for registration.

Mr. POWER: This should be amended.

Mr. GUTHRIE: There is an amendment made in the committee.

Paragraph 2, subclause 2 is struck out and the following put in its place:

By-election means an election other than a general election.

That is the only change.

Mr. POWER: Has the minister copies of these amendments?

Mr. GUTHRIE: I have the copies that were supplied to me.

Amendment agreed to.

Subsection as amended agreed to.

Subsections 3 to 5 inclusive agreed to.

On section 2, subsection 6—Election documents, or election papers.

Mr. GUTHRIE: That is amended in the ninth line by striking out the words "and books of signatures of voters."

Amendment agreed to.

Mr. GUTHRIE: Then in the tenth line the words "all written applications for registration as electors," are struck out, because we abolished those signed statements.

Amendment agreed to.

Subsection as amended agreed to.

Subsections 7 and 8 agreed to.

On section 2, subsection 9—Elector.

Mr. GUTHRIE: There is a change in subsection 9, just a capital "t" in the word "the."

Subsection agreed to.

Subsections 10 to 12 inclusive agreed to.

On section 2, subsection 13—Identification book.

Mr. GUTHRIE: That subsection is struck out.

Subsection withdrawn.

Subsections 14 to 31 inclusive agreed to.

Section 2 agreed to.

On section 3—General powers of chief electoral officer.

Mr. GUTHRIE: There is an amendment to this section. In line 36 after the word "shall" the words are inserted "continue to" making it read, "shall continue to be exercised." Then at the end of the section the following words were added:

and the person who is now chief electoral officer shall continue to hold that office under and pursuant to this act.

Mr. POWER: There is one point to which I should like to direct attention. The section states:

The powers and duties appertaining to or connected with elections which, immediately prior to the 1st day of July, 1920, were exercisable and performable by the clerk of the crown in chancery—

I am under the impression that the clerk of the crown in chancery had something to do with the making of the lists, though I am speaking subject to correction. I remember that he furnished the lists to candidates.

Mr. GUTHRIE: I do not think there is any conflict there. He had the custody of the lists.

Mr. POWER: I am under the impression that the franchise commissioner takes over some of the powers formally conferred upon the clerk of the crown in chancery.

Mr. GUTHRIE: There may be a conflict, so we might let this section stand.

Section 3 stands.

Sections 4 and 5 agreed to.

On section 6—Staff.

Mr. POWER: I think there was a suggestion in committee that this section should be recast.

Mr. GUTHRIE: It has been altered in committee. In the last line on page 5 the words "all of whom shall be appointed by the governor in council" have been struck out, and at the end of subsection (l) these words have been added:

such assistant chief electoral officer and stenographers shall be appointed by the governor in council.

Amendment agreed to.

Section as amended agreed to.

Section 7 agreed to.

On section 8—Appointment of returning officers.

Mr. GUTHRIE: In committee we inserted in subsection (a) the words "sixty-five."

Mr. POWER: If we have our way the whole section will disappear.

Mr. LAPOINTE: The section had better stand.

Section 8 stands.

Section 9 agreed to.

On section 10—Notice of returning officer incapacitated.

Mr. GUTHRIE: A change was made by the committee in line 47. The last word "the" has been struck out and the words "any pending" have been inserted. It will then read, "any pending election" instead of "the election."

Amendment agreed to.

Section as amended agreed to.

Section 11 agreed to.

On section 12—Office for returning officer.

Mr. GUTHRIE: An amendment was made to this section, by inserting before the word "such" in line 27 the words, "the proclamation of the election in form No. 5, or in other manner as the chief electoral officer may direct."

Mr. POWER: Would you allow this section to stand?

Section 12 stands.

Section 13 stands.

Section 14 agreed to.

On section 15—Supply of election materials by chief electoral officer.

Mr. POWER: We can carry this up to paragraph (d).

Mr. GUTHRIE: Paragraphs (d) and (e) are struck out.

Mr. POWER: The rest is carried.

Mr. GUTHRIE: And paragraph (f) is amended by inserting the words "or portions" in line 31, and by inserting in line 32 the words "and rural polling subdivisions respectively."

Amendments agreed to.

Section as amended agreed to.

Sections 16 to 21 inclusive agreed to.

On section 22—Return by acclamation.

Mr. POWER: There was some amendment to be made here.

Mr. GUTHRIE: There was no amendment made to this section.

Mr. POWER: Perhaps the section might be allowed to stand.

Section 22 stands.

On section 23—Granting of poll.

Mr. POWER: There was an amendment to this section in subsection (4). The form is No. 9 instead of No. 25.

Mr. GUTHRIE: That amendment has been made.

Amendment agreed to.

Section as amended agreed to.

On section 24—Deputy returning officers.

Mr. POWER: There was an amendment here, I think.

Mr. GUTHRIE: I have no note of an amendment to this section.

Section agreed to.

Sections 25, 26 and 27 agreed to.

On section 28—Ballot boxes.

Mr. GUTHRIE: There is a word to be added here. In line 29 the word "as" should be changed to "at."

Amendment agreed to.

Section as amended agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

The CHAIRMAN (Mr. Gobeil): We had reached section 29.

On section 29—Ballots and their form.

Mr. GUTHRIE: There are no changes in section 29. I suppose it is all right.

Section agreed to.

Mr. IRVINE: Did section 29 stand?

Mr. GUTHRIE: It has just been carried.

Mr. IRVINE: I should like to have it stand, because I want to make a motion in connection with it.

Mr. GUTHRIE: I think I understand the motion the hon. member contemplates. If it carried, a great many sections would have to be changed. In the meantime we will carry this section, with the understanding that if a change becomes necessary it may be made in the future.

Section agreed to.

[Mr. Power.]

On section 30—Further duty of returning officer.

Mr. GUTHRIE: Section 30 has been amended in committee. At lines 22, 23 and 24 the following words have been struck out "an identification book, the parcel of signed applications for registration which relates to the deputy returning officer's polling station." Those words have come out. And then at line 35, the words "identification book, signed applications for registration" come out.

Section agreed to.

Sections 31 and 32 agreed to.

On section 33—Application of this section.

Mr. POWER: There is a slight change here.

Mr. GUTHRIE: There is no change at the present time but the suggestion has been made that, where a suitable location can be had, for the sake of convenience all the various subdivisions of a polling division might be allowed to sit in the same building. For instance, at some points the armoury is used as a polling station, and where there are four or five separate polls they might be held under the one roof. That, of course, would depend upon the direction of the chief electoral officer. It is only a matter of convenience, and to save people travelling here, there and everywhere in the same polling division. I suggest, therefore, if the committee approves, that the following words be added to section 33, subsection 2:

And such separate and adjacent polls may all be established in the same building where sufficient accommodation may be available.

Mr. POWER: I take it this subsection refers only to a case where a poll has been subdivided.

Mr. GUTHRIE: That is what I mean.

Mr. POWER: But it is restricted in that way.

Mr. GUTHRIE: That is all we want. We are asking that all the subdivisions of a single poll shall be under the same roof, if such a building can be obtained.

Mr. POWER: That does not quite meet the objection made to me by one hon. gentleman on the other side, that it would be possible in a city or a town to have all the polls in one place.

Mr. GUTHRIE: That is going farther than I wanted to go.

Mr. ESLING: Ever since I can remember in mountainous municipalities of British Columbia where there are fifteen or twenty polls, available space has been scarce. Residences are on hillsides possibly from two hundred to a thousand feet up, and to reach those separate polling stations it would be necessary to climb the hills. Because of that, for many years back a central polling station has been established in the centre of the town, at the armoury, the city hall or elsewhere, and that procedure continued until the last federal election. I understood at that time it was within the discretion of the returning officer to say whether or not there should be a central polling station, or whether there should be several polling stations. Upon that occasion the federal returning officer much to the inconvenience of the electors determined that there should be several polling stations. For instance, there were fifteen hundred electors, and the new polling stations were scattered all over the hillside. An old man would have to walk up probably five hundred or six hundred feet only to be told that he voted across the gulch, or a woman pushing a baby carriage would go to one station and be told that she voted elsewhere. The result was that officials of the three parties were compelled to send out postcard notices to all electors in the district indicating at precisely what points they should vote. It caused great inconvenience, and was totally at variance with the custom which had been in vogue for many years.

Mr. GUTHRIE: I think the amendment does not meet the views of my hon. friend. I am advised that perhaps the section as it is now drawn would vest sufficient powers in the chief electoral officer.

Mr. POWER: I do not think so.

Mr. GUTHRIE: If he wished to exercise it.

Mr. POWER: I do not think it does.

Mr. GUTHRIE: Subsection 2 contains the words:

> If the chief electoral officer so authorizes or directs, and, in any event, where the list of voters of any polling division contains the names of more than three hundred qualified electors, the returning officer shall, for the purposes of, and during, any election, provide within that polling division sufficient separate and adjacent polling stations, so that not more than three hundred, and, when practicable, not less than one hundred and fifty names shall be on the list of voters for each of such polling stations, and so that the name of every voter on the list for the polling division shall appear on some one, and on one only, of the lists for the polling stations.

[Mr. Guthrie.]

Mr. POWER: Section 13, which we passed, states clearly that the polling station shall be established at a convenient place within the boundaries of the polling division. I think the objection could be met, first, by limiting the discretion of the returning officer to place the polling station or booth outside the polling division to certain towns of, say, under ten thousand population and, secondly, if we provided that this could be arranged by agreement between the parties. In cases where it is obviously convenient, as has been pointed out by the hon. member, I believe all the interested parties would be quite ready to select one central place, such as an armoury or otherwise.

Mr. ESLING: That was exactly the trouble at the last election. There were three parties in the field. Two candidates were keen to follow the old custom of having a central polling station, but the third candidate opposed it. We got into communication with the chief electoral officer, and he replied that the several polling stations would have to remain, as they had been designated by the returning officer.

Mr. MACKENZIE KING: Apropos of what the hon. member for West Kootenay has said, I wonder if what he has in mind would not best be met if there were an obligation upon the returning officer to notify every elector as to the place where he must vote. This was a proposal which I had intended to bring up later in the form of a clause to be added to the provisions of the bill, and I may perhaps now mention it in advance, namely the placing upon the returning officer the duty of sending a card to each elector informing him of where he votes. Under such a provision my hon. friend's friends would not be so greatly inconvenienced. The woman with a baby carriage would have to make only one trip, and the old man would not be unduly inconvenienced by going up and down hill. I say that that ought to be done, the extra cost this requirement would entail should be borne by the state. Voters should not be put to unnecessary trouble and expense in discovering where they are to cast their votes.

Mr. GUTHRIE: Would the committee approve if we drew up a clause to provide that in municipalities of less than 10,000 population, the chief electoral officer may, if he sees fit, direct that there be a central polling location?

Mr. MOTHERWELL: If he sees fit?

Mr. GUTHRIE: Leave the discretion to the chief electoral officer. If he thinks it is proper so to do, he may establish a central polling station in municipalities of less than 10,000 population.

Mr. MOTHERWELL: That would mean rural municipalities as well?

Mr. POWER: I am satisfied with that.

Mr. REID: Would that power be given in connection with municipalities of over 10,000 population?

Mr. POWER: No.

Mr. REID: He would not have the power?

Mr. POWER: No.

Mr. MOTHERWELL: Would that cover rural as well as urban municipalities?

Mr. POWER: Only rural.

Mr. VENIOT: I should like to understand this section more clearly. Would the chief electoral officer or the deputy returning officer have the authority to establish a central voting place for a single parish in any constituency?

Mr. GUTHRIE: The proposal is that there would be one central station instead of running around to half a dozen, provided there is a building large enough to take care of the need.

Mr. VENIOT: That would force people to drive twelve, fifteen or twenty miles to a central polling station in order to vote.

Mr. GUTHRIE: This would apply only to cities up to 10,000 population.

Mr. POWER: If the minister's suggestion is to be carried out he would have to say in cities between 5,000 and 10,000 population.

Mr. GUTHRIE: Why not say urban polls not exceeding 10,000 people?

Mr. POWER: There is no such thing as an urban polling division in a municipality under 10,000. Everything under 10,000 is rural and everything over is urban.

Mr. GUTHRIE: If we decide on the principle we can easily fix the language.

Mr. POWER: Subsection 6 of section 33 reads:

> Every voter of an urban polling division who resides on a street, road or avenue which is included within the numbers and names of streets, roads and avenues designating a polling station and contained in a list of voters prepared pursuant to subsection 4 of this section shall vote, if at all, in the station to which such list applies, and not otherwise.

That subsection seems to be in contradiction to subsection 3 of section 38, which reads:

> For the purposes of an election every elector shall be deemed to have resided, and to continue until the close of the poll to reside, in the electoral district,—

In order to avoid confusion, I think we should say in subsection 6 of section 33, "every voter of an urban polling division who has resided." That is to say, his right to vote would be considered as from the time he puts his name on the list. Otherwise, an over-zealous officer in a poll might be given the opportunity to object to a person voting because at the time of the polling he did not actually reside in that particular polling division although his name had been properly placed upon the list at the time of registration or revision. Subsection 3 of section 38 is quite clear but subsection 6 of section 33 is not.

Mr. SULLIVAN: "Who resided" would not make it clear.

Mr. POWER: Those may not be the exact words but I am suggesting that it should be changed to conform with subsection 3 of section 38.

Mr. GUTHRIE: I do not appreciate the conflict but we will let the subsection stand. This only applies to polls having more than one division.

Mr. POWER: The point is that it gives an excuse to somebody to object to a person voting.

Section stands.

Sections 34 to 36 inclusive agreed to.

On section 37—Persons in receipt of pay disqualified.

Mr. GUTHRIE: There was a change to be made in subsection 3. We were to strike out the words "votes, or" in line fourteen and the words "he, or" in line fifteen.

Mr. POWER: If the minister has no objection, I should like to move that this whole section should be struck out. I do not intend to delay the proceedings in any way but I should like to place before the committee the objections which a great many hon. members have to this section.

Mr. GUTHRIE: Could we not proceed and let this section stand?

Mr. POWER: Perhaps I could give my explanation for the information of hon. members. This section states that it shall be a reason for disqualification for any elector to be employed by any candidate. A stenographer, a telephone operator, a worker in a committee room, a driver of a taxicab or automobile, any person employed by any candidate during the period of an election is disqualified from voting. It was pointed out in 1929 in the house or in the committee by the Secretary of State (Mr. Cahan) that in order to be strictly within the law he was obliged to have the work of checking his polling lists, typewriting and so on done by people from a neighbouring constituency. This provision seems to me to be ridiculous. In these modern days the conduct of an election is something like conducting a large insurance or any sort of business. It is necessary to have twenty-five, thirty or forty people employed in addressing envelopes, sending out circulars, looking after advertising and taking care of the various activities which must be undertaken by a candidate who hopes to carry on an election with any degree of efficiency. All these people would be disqualified from voting. Not only that, subsection 3 states:

> Any person who votes, or induces or procures any other person to vote, at an election—

Would be punishable under this act. That is to say, the candidate who employs a typist or a stenographer might be presumed by his speeches to have persuaded or induced that particular person to vote. However, as they are closer to the seats of the mighty, they may have fewer illusions on the subject and may not vote for the candidate. But the fact remains that the candidate renders himself liable to disqualification, and all these other persons are disqualified. This section has been in the act for many years and I think in view of our more enlightened and modern times it ought to be stricken from the act altogether.

Mr. LAPOINTE: My hon. friend would be obliged to employ my electors.

Mr. POWER: As my hon. friend from Quebec East points out, I should be obliged to employ his electors, and he to employ mine, which is an anomaly that should not be permitted.

Mr. SUTHERLAND: You cannot carry on an election with that clause.

Mr. POWER: Elections have been carried on from time immemorial, both in my hon. friend's constituency and in my own, while this clause has existed; but I submit that we were wittingly or unwittingly performing illegal acts and we might as well get rid of it.

Mr. IRVINE: I think there is a good deal of force in the argument put forward by the hon. member for Quebec South. As a matter of fact, I should say that very few candidates can actually carry out the section. I think it induces a good deal of hypocrisy and I cannot see that it can do much good or prevent any sort of corruption from taking place; for, as pointed out, if I can hire C.C.F'ers from the next riding to come into mine and C.C.F'ers from my riding can go into the next one and vote, we are not doing much good by this section. In the last election we had great difficulty avoiding complications under this provision, and I do not see much good in it.

Mr. GUTHRIE: If it is the fairly unanimous opinion of the committee that this clause should be struck out I have no objection.

Mr. POWER: Let it stand for further consideration.

Mr. WOODSWORTH: I understood that all these controversial clauses would stand.

Section stands.

On section 38—Effect of presence of name on list of voters.

Mr. FRASER (Cariboo): The candidate is permitted to appoint two agents at a poll, under section 34. I do not see any clear definition to show who may be appointed as an agent. Suppose a qualified voter from another district were in my district on election day; could he be appointed as an agent and qualify to vote?

Mr. GUTHRIE: He has to be a voter in that constituency.

Mr. FRASER (Cariboo): A voter in the constituency can be transferred from one poll to another?

Mr. GUTHRIE: Yes.

Mr. POWER: I think section 38 should stand to accord with 34 if necessary.

Section stands.

On section 39—Oath of elector.

Mr. GUTHRIE: There is only one change here. In line 17 the words "or produce any evidence" are struck out.

Amendment agreed to.

Section as amended agreed to.

Mr. GUTHRIE: The whole of sections 40 and 41 are struck out.

On section 42—Corrections in lists and entries in poll book.

Mr. POWER: I thought there was an amendment to the original act in section 42.

Section agreed to.

Sections 43, 44 and 45 agreed to.

On section 46—Ballot paper to be initialled.

Mr. IRVINE: This is the section on which I desire to move an amendment and I should like to have it stand.

Section stands.

Section 47 agreed to.

On section 48—Returning officer and deputy to be conservators of peace.

Mr. GUTHRIE: In subsection 7, line 46, there is a change—"shall appoint."

Amendment agreed to.

Section as amended agreed to.

Section 49 agreed to.

On section 50—Counting votes by deputy returning officers.

Mr. IRVINE: If my amendment to section 46 should happen to carry, a slight amendment will be necessary in section 50.

Mr. GUTHRIE: Many amendments might be necessary. On page 38 the words "ballot box" should appear at the beginning of line nine.

Amendment agreed to.

Section as amended agreed to.

On section 51—Custody of ballot boxes.

Mr. POWER: Have we definitely decided that "greatest" is preferable to "highest" number in subsection (3)?

Mr. GUTHRIE: The subsection reads "majority" and we made it "greatest number." Perhaps "highest number" would be better, or "largest number."

Mr. IRVINE: If you leave it as it stands now a great many members of parliament could be unseated because they have not a majority of the votes. If you change it to the largest number you are defeating the object of the whole act, which is to guarantee that the members elected shall receive a majority.

[Mr. Guthrie.]

Mr. GUTHRIE: The subsection as amended would read:

The candidate who, on the addition of the votes, is found to have the largest number of votes . . .

Is that language correct?

Some hon. MEMBERS: Carried.

Mr. GUTHRIE: I think myself that "highest" would be better.

Amendment agreed to.

Section as amended agreed to.

On section 52—Adjournment if ballot boxes are missing.

Mr. IRVINE: Subsection 7 will have to be altered to correspond with the previous section.

Mr. GUTHRIE: We will put "largest number" there instead of "greatest number."

Amendment agreed to.

Section as amended agreed to.

Section 53 agreed to.

On section 54—Application for recount or readdition by judge.

Mr. GUTHRIE: There is a change in this clause on page 43. It is merely a change in the numbering. Where the words "section sixty-eight" occur in line 30 and again in line 35, the words "sixty-eight" should be struck out and the words "fifty-one" inserted.

Section as amended agreed to.

Section 55 agreed to.

On section 56—Return of candidate elected.

Mr. CASGRAIN: This clause deals with returns that have to be made after an election in accordance with certain forms by the official agents and the candidates themselves regarding certain expenses incurred during the election. As all hon. members know and as, indeed, everybody knows, it is very hard to make those returns accurately in the forms provided by this clause and also according to the very forms that are appended to this bill. I dare say every person who has had to carry on an election has found it very hard to fill out the forms in conformity with the law and every prescription of the law. If everyone wanted to comply exactly with every minute detail exacted by this return from the official agents and the candidates themselves I do not know where we would all land. I know in the election laws of some provincial legislatures similar provisions existed and they were withdrawn.

Mr. POWER: That is clause 63.

Mr. CASGRAIN: Well, maybe I am not on the right clause. I may be in the right church but in the wrong pew. Anyway, the remarks I have made ought to be considered when we come to the other clause.

Mr. GUTHRIE: Clause 56 has been amended. In line forty-five at the bottom of the page we have struck out the words:

The parcels of original signed applications of electors for registration as such, the identification books and poll books used in the several polling divisions.

Amendment agreed to.

Mr. GUTHRIE: In line 31 we have substituted "thirteen" for "twelve" and "nineteen" for "forty" in the numbering of the sections.

Amendment agreed to.

Section as amended agreed to.

Sections 57 and 58 agreed to.

On section 59—Chief electoral officer to retain papers, etc.

Mr. GUTHRIE: This clause has been amended by striking out in line 29 the words in parenthesis:

Excepting all packages of signed applications of electors for registration as such, received from the dominion franchise commissioner.

And by striking out the last sentence of subsection 1 beginning at line 34 as follows:

He shall return all such packages of signed applications to such commissioner forthwith after receipt of them from the returning officers.

Both of those come out.

Section as amended agreed to.

Sections 60 to 62 inclusive agreed to.

On section 63—Return of election expenses by official agent.

Mr. CASGRAIN: Continuing the remarks that I started to make a few minutes ago I would ask the committee and the government to consider very seriously following the same course that was taken in some of the provincial legislatures when they deleted from some of their acts these provisions especially concerning the candidates themselves. There is good ground for doing that. If we want to improve the law we ought to consider removing certain of these obstructions which are really obstructions to the candidates. We really cannot carry out the law if we are called upon to comply with each and every detail of the forms and the provisions in the clause. If everybody had to comply with that law, we would not be here. Especially subclause 3, on page 52, should be entirely eliminated.

An hon. MEMBER: It is hypocrisy.

Mr. CASGRAIN: An hon. member says that it is hypocrisy. Everybody knows certain expenses have to be incurred during an election. In the law there is a provision that only $500 must be expended by the candidate for personal and travelling expenses. This is possible in certain ridings of a small area but when you have ridings about 800 miles in length, when you have to hire boats every day incurring necessary expenses to go from one place to another and when also in certain cases you have to use aeroplanes, there is not a candidate who could look anyone in the face fairly and squarely and say that he had spent only $500 for travelling expenses.

Mr. GUTHRIE: In this bill we have raised that to $1,000 just for my hon. friend's riding.

Mr. CASGRAIN: That might not cover it in some cases.

Mr. GUTHRIE: That is pretty reasonable.

Mr. CASGRAIN: As regards the returns that the official agents and the candidates are called upon to make, it is not within the power of any human being to make those returns in their present form. In some of the provincial legislatures they have held this view and have struck out similar provisions. What is the use of being hypocritical about the matter? In some ridings the cost is greater; in others it is less, and I do not think these returns in their present form ought to be exacted.

Mr. WOODSWORTH: I should like to offer an amendment to this clause. Perhaps I might follow the precedent of the hon. member for Quebec South (Mr. Power) and give a general idea of what I have in mind. About a year ago the hon. member for Melville (Mr. Motherwell) in a speech in this house undertook to tell hon. members that I was very largely responsible for making permissible contributions from corporations and also in speeches across this country he tried to make me more or less directly responsible for the contributions from Beauharnois to the Liberal party.

Mr. MOTHERWELL: The hon. member took the lead, the initiative, in the matter. That is what I said.

Mr. WOODSWORTH: The fact is that I suggested an amendment to the Elections Act on May 28, 1930, when that act was up for revision. Section 9 of the act as it then stood read:

No unincorporated company or association and no incorporated company or association other than one incorporated for political purposes alone shall, directly or indirectly, contribute, loan, advance, pay, or promise or offer to pay any money or its equivalent to, or for, or in aid of, any candidate at an election, or to, or for, or in aid of, any political party, committee, or association, or to or for, or in aid of, any company incorporated for political purposes, or to, or for, or in furtherance of, any political purpose whatever, or for the indemnification or reimbursement of any person for moneys so used.

That section had had the effect of prohibiting contributions from labour unions or from farmers' associations to campaign funds. Those contributions were made in the open; they were small in amount but they might very well invalidate an election. On the other hand no provision was made for a report of contributions to central offices. We know there are large campaign funds collected at any general election. Senator McRae said last year that it cost over a million dollars for either of the old parties to carry on a general election campaign. Some years ago the brewers admitted having given large sums to both parties. There is no provision in the clause for any report being made of this central campaign fund, the only provision is for the reporting of sums received by the agent of the local candidate. Apparently then this clause did not fulfil the purpose for which it was designed. Further there were no penalties attached, so it was very largely a dead letter. I did suggest that I had tried in vain to get an amendment exempting the trade unions and other bodies of that kind from the operation of the clause. On an occasion something like this, I did suggest that the clause be struck out. The hon. member for Quebec South (Mr. Power) who was chairman of the committee said he was quite agreeable; and with no dissenting voice, except, I think one by the Prime Minister on a technicality, the amendment passed. I would suggest that it is hardly fair for the hon. member for Melville to go across the country charging me with exclusive responsibility for having cut out this clause.

Under the circumstances it is only right that some provision should be made with regard to campaign funds, and I make this suggestion, that an amendment of this kind should be added. I am not quite sure that it covers the ground adequately; I prepared it hurriedly during the luncheon hour:

That section 63, subsection 1 be amended by adding a paragraph, as follows:

(f) a detailed list of all contributions or stocks of literature, posters or other printed material or services supplied from any central committee or any other organization.

As we all know, into most constituencies there come very large supplies of literature from headquarters. Ordinarily there is no accounting made of this. The reports which the hon. member for Charlevoix-Saguenay (Mr. Casgrain) speaks about are very different. They certainly make no provision for anything of this kind.

Mr. CHAPLIN: They are no good anyway.

Mr. WOODSWORTH: Further than that there are large quantities of posters and other printed material shipped in from headquarters of which no report is made.

Mr. GUTHRIE: I do not like to interrupt, but we are taking the non-contentious clauses. Had we better not let this stand?

Mr. WOODSWORTH: I shall be through in a moment. My purpose in introducing this proposed amendment now is that if the idea meets with the approval of the minister, in case the particular wording is not acceptable he and his officers might perhaps draft one that would better serve the purpose. When interrupted I was saying that it is the practice to bring in large quantities of printed matter, it is very often the practice to have organizers sent in and the greater part of the campaign carried on by paid organizers, who however are not paid by the local people. If we are going to have any reports why not have a full report of all the money spent in the constituency? Why, as a candidate, have I to report some one hundred dollars that my agent is paying out but make no report of the thousand or ten thousand that come from some outside source? I suggest that this be taken into consideration by the minister.

Mr. CHAPLIN: How would you find out the value?

Mr. GUTHRIE: The clause stands.

Mr. MOTHERWELL: I think the remarks of the hon. member for Winnipeg North Centre (Mr. Woodsworth) require more than passing notice. The hon. member and his party have never ceased talking about the Beauharnois campaign fund. I have always taken the ground that they are the last party in this house that should talk about it. The hon. member for Winnipeg

North Centre was the one who took the initiative to make campaign fund contributions from corporations "legal and proper," in the terms of the right hon. leader of the government.

Mr. WOODSWORTH: Mr. Chairman, on a point of order—

Mr. MOTHERWELL: Sit down and take your medicine.

Mr. WOODSWORTH: —I submit that the initiative in removing clause 9 of the act as it then stood did not make this legal and certainly did not make it proper.

Mr. LAPOINTE: That is no point of order.

Mr. MOTHERWELL: If it was not making it proper why did my hon. friend move to make it proper? My hon. friend says it did not make it legal. I have the authority of the Prime Minister that it did. My hon. friend says it did not make it proper. Well he tried to make it proper and if it is improper he is responsible for it. My recollection is that he tried this stunt three times before he pulled it. On the first two occasions the government turned it down. The third time, I remember quite well, the Solicitor General—

Mr. WOODSWORTH: Mr. Chairman—

Mr. MOTHERWELL: I want to finish this and finish it right. The Solicitor General at that time indicated that it was agreed in the committee on elections that this question would not be dealt with at that session of 1930, would not be allowed to come up, and it did not except to say we could not change the prohibition against these corporation campaign contributions. I remember quite well that there were only four hon. members in the house who spoke on that occasion. The hon. member for Winnipeg North Centre took the initiative in spite of the understanding to the contrary in the committee, trying to get this prohibition against campaign contributions removed, and finally he succeeded. The Solicitor General spoke a short time indicating that the committee had agreed not to deal with it and make it legal or proper. The hon. member for Quebec South was indifferent about the matter. I think he was on the committee; I forget, but he spoke as if he did not care much which way it went. Then the hon. member for Edmonton (Mr. Kellner) was strongly with the hon. member for Winnipeg North Centre in favour of removing this prohibition. My hon. friend from Winnipeg North Centre admitted on a previous page of Hansard that he had himself received $100 from his central committee. Apparently with him it is a matter of size of contribution. Then in the first election after this prohibition was removed he started getting campaign funds from his own central organization. Is not that just what the other parties were doing from their respective sources and centres? I cannot conceive the logic of his reasoning, or that he, having taken the initiative, was not more guilty, if that term is justified, than the leader of any other party in this house or any other member.

Mr. CHAPLIN: Who was in control of the house at that time?

Mr. MOTHERWELL: I take the ground that every one of the 245 members, who was a consenting party, was jointly responsible with the hon. member for Winnipeg North Centre. Only four said anything about it, all the rest who were present were consenting parties. Had my hon. friend from Winnipeg North Centre not insisted upon it the prohibition would not have been removed, it would have been there to this day, and there would not have been any masquerading about this country in favour of immaculate elections and then taking the initiative to make them other than immaculate. Not satisfied with that he is now blathering about the country and complaining about being exposed.

Mr. WOODSWORTH: I must answer one or two of the statements of my hon. friend which I think are not correct. Reference was made to my having stated in this house that I had received $100 from a central committee.

Mr. MOTHERWELL: That was your own statement.

Mr. WOODSWORTH: That was quite correct. That $100 was secured from the workers, but at the time I made the statement I was trying to point out that there were central committees with regard to which we need not report. That is the very point I am trying to make to-day. I did not receive $100 from any great corporation or anything of that sort. I want to emphasize the fact that we are required to report with regard to local matters, but not with regard to those things that come from central bodies. In the next place the hon. member for Melville stated that I tried three times previously to have this section repealed. I had not tried in any way to have the section repealed; I did try to get an exemption in the case of trades unions, which is a different matter.

Mr. MOTHERWELL: It is that much worse.

Mr. WOODSWORTH: Further than that, I hope the hon. member for Melville will not insist that the Liberal party took the Beauharnois funds entirely because they felt free from the law in this regard. With regard to blathering around the country, it seems to me rather a strange thing that the hon. member for Melville should write special letters for a provincial campaign dragging in this issue, and further than that go to the church paper in an attempt to discredit me.

Mr. MOTHERWELL: I notice that the hon. member has never deigned over his own signature to deny any of these communications. The letter to the church paper had to do with matters brought up in this house, and not one sentence or syllable of it was ever challenged by my hon. friend or by anyone else as to its accuracy. Since my hon. friend apparently wants a little more than he got I would ask him if he has been opposed by the Liberals in Winnipeg North Centre since 1921, and where the support of the Liberals went in the various elections that have taken place there since that time. I would ask the hon. gentleman where he got his assistance, with the Liberals not running any candidates. It is the same thing with the whole gang of them over there; they are supported by one or the other of the old parties. We know that; the public know it. That is the farce of the whole thing. There is not a mother's son of them over there who has not been supported by one or the other of the two old parties since 1921. Having regard to that fact what a farce it is to pretend that they are a distinct entity. Does anyone suppose that Milton Campbell was not financed by the Tories? Or does anyone suppose that the hon. member for Kindersley (Mr. Carmichael) is not in the same position? I cannot prove it, but we all know a lot more things than we can prove.

Mr. WOODSWORTH: It happens that I was opposed by the Liberals in 1925. That is another case in which the hon. member for Melville is not correct. Further than that I was not opposed in the last election by the Conservatives. I did not know that the Liberals were so stupid that they and the Conservatives contributed these large amounts to elect me.

Mr. MOTHERWELL: There is just a difference of ten months between 1925 and 1926.

The CHAIRMAN (Mr. Gobeil): The committee is on section 64.

Section 64 agreed to.

Sections 65 to 69 inclusive agreed to.

[Mr. Motherwell.]

On section 70—Liability of election members.

Mr. GUTHRIE: There is a change in subsection (5) on page 59, in line 19. The words "section seventy-two" are struck out, and in line 22 the words "or section seventy-two" are added.

Amendment agreed to.

Section as amended agreed to.

Sections 71 and 72 agreed to.

On section 73—Conveyance of electors to polls.

Mr. POWER: I am going to move that this section be struck out.

Mr. SULLIVAN: I second that motion.

Mr. GUTHRIE: Stands.

Section 73 stands.

Section 74 stands.

Sections 75 to 82 inclusive agreed to.

On section 83—Election not voided unless illegal practices by candidate.

Mr. SULLIVAN: I do not think section 77 should be included.

Mr. GUTHRIE: Stands.

Section 83 stands.

Sections 84 to 94 inclusive agreed to.

On section 95—Who may vote at advance polls.

Mr. POWER: Subsection (b) is new, it it not?

Mr. GUTHRIE: Yes.

Section agreed to.

On section 96—Conditions for voting at advance polls.

Mr. GUTHRIE: This has been amended so that subsection (a) shall read:

(a) he produces to the returning officer at the advance poll an advance poll certificate in form No. 40 that he is a person to whom the privilege of voting at an advance poll extends, which certificate shall be signed by—
(i) the returning officer, or
(ii) the election clerk.

Mr. POWER: I would ask to have that stand.

Section 96 stands.

Sections 97 and 98 agreed to.

On section 99—Who shall not be appointed election officers.

Mr. NEILL: Was there not to be an amendment to section 99?

Mr. GUTHRIE: I believe there will be an amendment moved, and perhaps I could state the nature of the amendment without moving it at the present time. It is to provide for absentee votes among certain occupational classes including lumbermen, miners, fishermen and sailors. If any person in those four classes is more than twenty-five miles away from the polling division where his name appears on the voters' list he may go to the poll nearest to the place he happens to be working, and deposit a special ballot.

Mr. LAPOINTE: In the same province.

Mr. GUTHRIE: Yes, it must be in the same province. The ballot is accepted by the returning officer at that point and is transmitted to the proper poll where the person's name appears upon the voters' list. This is a system which for a number of years has been in force in British Columbia, and it was suggested by the hon. member for Comox-Alberni (Mr. Neill) that to meet the special requirements of many constituencies in the province of British Columbia such a clause should be adopted generally throughout Canada. I have given the matter the best consideration I can. It was discussed in committee, although the committee did not reach any definite conclusion on the matter. I have now drawn an amendment which I think will cover the point, and when we come to the contentious clauses I shall move it.

Mr. SANDERSON: Where does the special ballot come from?

Mr. GUTHRIE: It is supplied by the returning officer who will be supplied with the special absentee ballots.

Mr. McINTOSH: When will it be transmitted to the correct poll?

Mr. GUTHRIE: Immediately after the count a telegraphic dispatch is sent showing the number of votes.

Mr. BROWN: Will it be transmitted from one constituency to another?

Mr. GUTHRIE: Within the same province.

Mr. DUPUIS: Is it to be done under oath?

Mr. GUTHRIE: Yes, the voter must swear that his name appears on the voters' list of a certain subdivision more than twenty-five miles away from the point at which he happens to be working. If he is a qualified elector and takes the oath printed on the ballot he affixes his signature, and then marks his ballot which is put in the box. Of course, these ballots are different from the others. When they are counted the absentee votes are marked under their proper polling subdivision, and the number of them is transmitted forthwith by telegraphic communication to the returning officer of the appropriate division.

Mr. DUPUIS: Will the minister tell me why—

Mr. GUTHRIE: Probably we had better wait until I can elaborate upon the matter, because the amendment is somewhat lengthy.

Mr. WOODSWORTH: The minister has suggested four classes to whom this provision would apply. May I ask if he would not also include men in construction and relief camps? They are in a similar position.

Mr. GUTHRIE: No, I cannot extend the privilege any farther, and at a later time I shall explain the reason.

Mr. CASGRAIN: What kind of ballot will it be?

Mr. GUTHRIE: I shall explain later.

Mr. THOMPSON (Simcoe): I should like to ask the minister if it would not be possible to adopt the same provision for mariners as appears in the Ontario act, whereby a sailor may vote in his own riding by giving a proxy to a relative who is a voter.

Mr. GUTHRIE: I have not considered that.

Section 99 stands.

Sections 100 to 103 inclusive agreed to.

On section 104—No amendment to apply to election for which writ is issued within three months, except after notice.

Mr. POWER: I find in this section the words, "no amendment to this act." Does that mean the Canada Temperance Act, or the bill we are now discussing?

Mr. GUTHRIE: "This act" means the Elections Act.

Mr. POWER: Perhaps we had better let the section stand until we read it over.

Mr. GUTHRIE: The heading "Canada Temperance Act elections" might lead to some misunderstanding. I do not know that the expression should be used here at all.

Mr. POWER: Well, we will let it carry.

Section agreed to.

On section 105—Repealed enactments.

Mr. GUTHRIE: There is an amendment to this section whereby we add as subsection (2) the words:

Notwithstanding anything in this act contained all by-elections which shall occur before the dissolution of this present parliament shall be had and held under and pursuant to the provisions of the acts which by subsection 1 of this section are repealed and for the purposes only of by-elections so had and held such repealed acts shall be deemed to continue in full force and effect.

The object of the amendment is to provide that any by-election which may be held in Canada before the dissolution of parliament shall be continued under the present elections law and not under the new act.

Mr. DUPUIS: That is a new subsection.

Mr. GUTHRIE: It has been added by the committee.

Mr. POWER: In this connection I think it will be necessary to refer to section 106 which states:

This act shall not come into force until a day to be fixed by the governor in council and proclaimed by him in the Canada Gazette.

If I understood the amendment correctly it was to the effect that the subsections repealing the Dominion Elections Act, an act to amend the Dominion Elections Act, and a further act to amend the Dominion Elections Act will continue to apply to by-elections. But the last section in the bill, namely, section 106, suspends the operation of the legislation until it is proclaimed. Is it possible to have the two acts proclaimed at the same time?

Mr. GUTHRIE: When this legislation is proclaimed it immediately comes into effect. But no matter when it is proclaimed, if any by-election is held between now and dissolution the provisions in respect of elections in the present act shall prevail.

Mr. POWER: Has the minister covered a case where a proclamation has been made, and yet the old Dominion Elections Act remains in force?

Mr. GUTHRIE: Yes.

Mr. MACKENZIE KING: The new subsection does not come into effect until the proclamation.

Mr. GUTHRIE: If any hon. member wishes the section to stand, I am content to have it stand.

[Mr. Power.]

Mr. POWER: No, I am content.

Amendment agreed to.

Section as amended agreed to.

Section 106 agreed to.

Mr. GUTHRIE: I propose now to go on with the contentious clauses of both bills. Meantime, however, I have been asked to report progress so that the house may proceed with some other business.

Mr. POWER: Could we not go through the schedules before that is done?

Mr. GUTHRIE: Yes, I believe we should do that before we report progress.

Schedule 1.

Form 1 agreed to.

On form 2—Oath of returning officer.

Mr. GUTHRIE: I have an amendment to this form. I move that the words "by section 22" be changed to "by section 9."

Mr. POWER: Should we not say "Dominion Elections Act, 1934"? Is that not the proper title?

Mr. GUTHRIE: Yes, that is the title of this legislation.

Mr. POWER: Perhaps we should amend accordingly.

Mr. GUTHRIE: Probably so, as that is the title under section 1 of the bill.

Amendment agreed to.

Form as amended agreed to.

Forms 3 to 12 inclusive agreed to.

On form 13—Oath of poll clerk.

Mr. GUTHRIE: There is a change in this form. The present words are "with partiality" and they should be "without partiality." These words have been in for years.

Amendment agreed to.

Form as amended agreed to.

Form 14 agreed to.

On form 15—Form of ballot paper.

Mr. GUTHRIE: There is just a slight change to be made here. The word "block" should be "black."

Amendment agreed to.

Form as amended agreed to.

Forms 16 to 18 inclusive agreed to.

On form 19—Oath of person applying to vote.

Mr. POWER: I think this form should be altered. It should be remembered that in one section of the bill it is provided that no person shall be called upon to take an oath other than those provided for in this act. The oath is:

You swear (or solemnly affirm) that you are (name of the voter) whose name is entered on the copy of the list of voters now shown to you (showing copy of list to voter); that you have not before voted at this election either at this or at any other polling station, that you have not been employed by any person for pay or reward, in reference to this now proceeding election in any electoral district unless lawfully by an election officer and that you have not received anything, nor has anything been promised to you, either directly or indirectly, in order to induce you to vote, or to refrain from voting, at this election.

If the amendment which I moved with respect to those employed in committee rooms is carried, this form will have to be modified. I think the person should be asked to swear if he is a British subject and twenty-one years of age. That has always been provided for in any other act. In closed lists of this kind it is often found necessary to challenge a person as to whether he is a British subject or twenty-one years of age.

Mr. GUTHRIE: The fact that a name is on the list is proof that the person is twenty-one years of age and a British subject.

Mr. POWER: On many occasions in the past when voting with closed lists it has been found possible to challenge a person as to whether he is a British subject or twenty-one years of age. Is it intended that the fact of a name being on the list is sufficient to permit a person to go to the poll who is not properly qualified? The name may have got there in the hurry and bustle of registration. I do not propose to add a long list of qualifications but I think a person should be qualified as to being twenty-one years of age and a British subject.

Mr. BROWN: And as to residence.

Mr. POWER: Residence would not be of any importance because the fact that a person's name is on a closed list is some evidence that at the time the list was made he was qualified as to residence.

Form stands.

Form 21 agreed to.

On form 22—Oath on transfer certificate.

Mr. GUTHRIE: This should read "dated this ..... day of ..... 19..."

Amendment agreed to.

Form as amended agreed to.

Forms 22 to 25 inclusive agreed to.

On form 26—Information for voting.

Mr. POWER: I am asking that this form stand. Is this a new provision?

Mr. GUTHRIE: No, I think it has always been in the act.

Mr. POWER: I think it is new.

Form stands.

Form 27 agreed to.

Form 28 stands.

Forms 29 to 34 inclusive agreed to.

Forms 35 to 38 inclusive stand.

Form 39 agreed to.

On form 40—Advance poll certificate.

Mr. GUTHRIE: The words "or as the case may be" have been added.

Amendment agreed to.

Form as amended agreed to.

Form 41 agreed to.

On schedule two.

Mr. GUTHRIE: It has been suggested that the name McAdam Junction should be added to the New Brunswick list, and the names of Brantford and Woodstock are to be added to the Ontario list.

Mr. POWER: Perhaps this schedule could stand. I do not think certain hon. members on this side were aware that there would be a possibility of adding names to these lists.

Mr. BOTHWELL: Why is Swift Current not included?

Mr. GUTHRIE: Because no application has ever been received. If my hon. friend desires it should be included and it is a place of consequence, we will add it.

Mr. BOTHWELL: It is a larger place than many on the list.

Mr. GUTHRIE: They were a little more active.

Mr. BOTHWELL: I ask that it be inserted.

Mr. GUTHRIE: I shall be very glad to insert it.

Schedule stands.

Mr. MACKENZIE KING: I spoke this morning of the insertion in one or the other of these bills of a provision with respect to the use of the radio for broadcasting purposes during general elections, a provision which would ensure an equitable division of time and use of the service as between the political parties. Considering the importance of the radio in electoral contests, some provision of the kind ought to be made, and I suggest to the minister that while dealing with other matters in the interval he should take this one into consideration.

Mr. GUTHRIE: I shall be glad to consider it and also the other suggestion in regard to notification by the returning officer to all persons entitled to vote as to where they are to vote. I am in favour of that, but considering that there are six million names on the voters list it would require an enormous staff throughout Canada to notify them all. They tell we that in ordinary work a clever stenographer can address fifty postal cards in an hour, which of course cannot be done by penmanship. In eight hours you would get only four hundred done. There are twenty-five thousand more names on the list in the ridings, but the total is some six millions. If it were not for the expense I should say yes; but it would be a pretty expensive operation.

Mr. MACKENZIE KING: If there is considerable expense, the alternative lies between the state meeting a legitimate expenditure and placing what is a perfectly proper electoral charge on the shoulders of the candidates and their supporters. The elections act is part of the machinery of government. The elector must know where he is to vote before he can discharge his duty as a voter. It seems to me it should be an obligation of the state to notify him officially where he has to vote.

Where the work is left to committees they have to incur all the additional expense of postage, as well as of stenographic assistance. If the electors were notified by the state, the frank could be used, and all that expense would be saved to candidates and political parties without adding anything in this way of expenditure by the state. Furthermore, it would avoid a great deal of confusion. If a voter received an official card notifying him that he was to vote at such and such a poll, if any question arose as to his being at the wrong poll, the possession of an official card would be prima facie evidence of his being at the right poll. As regards expense, we are at this very moment voting $40,000,000 as a special measure to help to provide labour for the unemployed and improve conditions in the country. Of that amount there is over $1,000,000 to be voted for a barracks in the Prime Minister's own constituency. Surely, if we can vote $1,000,000 for a barracks, even should it require $1,000,000 to see that a truly representative poll is taken in a general election, that would be preferable to devoting an equivalent amount of money to the other purpose. I think the bogy of expense is all nonsense, where it is not necessarily considerable and is both necessary and legitimate. I stand for economy, but I recognize that it is absolutely necessary that every elector should know where he has to vote. With closed lists I think he is entitled to be officially informed. At the last provincial election in Ontario I asked my secretary to find out where I was to vote, and he informed me he was obliged to make inquiries from five different sources before he could definitely ascertain where the poll was located. It must be remembered that while some of us may be in the fortunate position of having telephones and motor cars which enable us without too great inconvenience to go from one polling booth to another, the majority of people have neither telephones nor cars, and are without ready means of informing themselves; and, if they are dependent upon what some party committee advises them, they may often be deceived by being deliberately furnished with a wrong notice from some committee. I do think it would relieve candidates and their supporters of a very considerable expense. We are seeking to have elections as free from corruption as possible and to get rid as largely as possible of the necessity of campaign funds. As everyone knows, corruption may arise out of expenses that are essential to the legitimate conduct of elections, and not only out of practices that may in themselves be termed corrupt. Campaign funds have to be acquired for the purpose, and, if we can reduce the amount of campaign funds which are necessary for perfectly legitimate purposes, it will all help in the matter of securing cleaner and better elections. I am glad that the minister agrees with the suggestion and the idea; I believe that members on both sides of the house are practically unanimous with respect to it.

Mr. GUTHRIE: I do not want the committee to go away with the idea that this is a new suggestion on the part of the leader of the opposition; it was discussed when he was Prime Minister and was not adopted. We did discuss this very question in the committee

and the whole committee was in favour of it, the only question being one of expense. I agree that we should do everything to make the franchise as complete and as convenient as possible to the voter, but a line must be drawn somewhere. The next demand will be to carry the voters to the polls. There is a responsibility on the voter to do something for himself. He should take sufficient interest in the question to see that his name is on the list and to poll his vote without being coaxed to do so. I think the suggestion is a good one, and the only thing that causes me to hesitate until I further consider it is the question of expense. If we can overcome that I am heartily in favour of it.

Mr. POWER: I suggest a compromise. I cannot share the enthusiasm of my leader; I should not like a partisan returning officer to notify the voters in my constituency. It would cost far less to the country if the candidates, within a certain period prior to the election, were permitted to use a frank to send out notices to the electors, and if the electors were not properly notified as to where to go only one or two persons would be to blame, the respective candidates.

Mr. GUTHRIE: Suppose a supply of cards, sufficient in number to cover all the names, were given the various candidates and on these cards we printed a frank, "On His Majesty's Service": you would get rid of a large portion of the expense.

Mr. POWER: That is a good idea. It has been calculated that in large cities like Montreal, indeed in any city, it costs 4 cents per name, including the printing of the card and 2 cents for postage, and that is something worth considering when you run into constituencies of fifty or sixty thousand voters. The suggestion made by the Minister of Justice is an excellent one.

Mr. LAPOINTE: Let us agree on that suggestion.

Mr. WOODSWORTH: I should hesitate to accept the suggestion made by the hon. member for Quebec South; it seems to me the suggestion of the leader of the opposition is preferable. There might be trouble if we had a returning officer who was very partisan. The suggestion of the leader of the opposition lifts the matter to a higher level. If you leave it to each of the committees, it means three sets of cards in a great many constituencies, and that is not only a duplication but a triplication of expense all round. Moreover, a procedure of that kind might easily lend itself to manipulation. Someone in any party might put down a name or an address that was not the proper one and send it out, and the poor elector would have to travel all over the country.

Mr. POWER: That has been done; there is nothing original about that.

Mr. WOODSWORTH: Yes, it has been done and it is possible under the hon. gentleman's suggestion. Very often there is a great deal of confusion as between polling booths in federal, provincial and municipal elections. In the municipal elections in my own city the city clerk sends out a card of notification and it is found in practice to be helpful. Each elector knows precisely where he has to go and that official intimation helps to clear the situation. I would endorse rather the suggestion of the leader of the opposition; I think his arguments are sound.

Mr. POWER: Might I point out to the hon. member for Winnipeg North Centre that there is a wide difference between a notification given in municipal affairs and one given in federal or provincial affairs. So far in municipal affairs, at any rate in most municipalities there are not clearly defined political parties and the municipal clerk is not supposed to be the appointee of one political party. He is as a rule a permanent official who is far above parties. In this case there would be an officer appointed by a party whose duty it would be, if the suggestion of the leader of the opposition is carried out, to notify every elector as to the place where he shall poll his vote. Inevitably, whether a returning officer is impartial, nonpartisan or not, some of those notices and some of those cards will be lost. When a large number of cards of that nature are being distributed, the postmen as a rule are extremely careless with them and a large number will be lost. That will serve to arouse among the people who have not been notified a prejudice against the returning officer and possibly partly against the party which appointed him. I say frankly there is no doubt any man who does not receive his card will say: This is the fault of the party that appointed the returning officer and he is doing it on purpose that I will not be notified. This will only cause ill-feeling and complicate the election issue for no good reason. Were all three parties, if there are three, to proceed to the notification of their electors, surely one out of the three would hit the right man. Time and again in an election campaign complaint is made to me: I did not receive notification from you where the polling place was,

but I received it from your opponent. That is all right; there is no objection to that, but with three parties notifying the elector there is no doubt he will receive notification.

Mr. GUTHRIE: I believe the Senate is waiting for something and we can go on with this afterwards. I move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

EXCISE ACT AMENDMENT

FREE CONFERENCE WITH THE SENATE IN VIEW OF AMENDMENTS

Mr. SPEAKER: I have the honour to inform the house that I have received the following message from the Senate:

Friday, June 29, 1934.

Resolved that a message be sent to the House of Commons to acquaint that house that the Senate has agreed to the free conference desired with the Senate for the purpose of communicating the reasons which induced the Commons not to concur in the amendments made by the Senate to Bill 89, intituled, "An Act to amend and consolidate the Excise Act," and has appointed the Right Honourable Senator Meighen and the Honourable Senators Copp and Coté as managers on their part at the said conference, and

Also, that the managers of the free conference on the part of the Senate will meet in Senate committee room No. 258, at six o'clock, p.m., on this 29th day of June, instant.

A. E. Blount,
Clerk of the Senate.

Hon. R. C. MATTHEWS (Minister of National Revenue) moved:

That a message be sent to the Senate to acquaint their Honours that the House of Commons has appointed Messrs. Matthews, Cahan and Euler to act as managers on behalf of this house of the free conference with the Senate with respect to the amendments made to Bill No. 89, an act to amend and consolidate the Excise Act.

That the clerk of the house do carry the said message to the Senate.

Motion agreed to.

DOMINION ELECTIONS ACT

The house resumed consideration in committee of Bill No. 115, respecting the election of members of the House of Commons, Mr. Gobeil in the chair.

On section 37—Persons in receipt of pay disqualified.

Mr. POWER: This is the clause which it will be remembered I moved should be struck from the bill on the ground that it disqualified persons working in committee rooms, etcetera. I do now formally move that the whole of clause 37 be struck from the bill.

Mr. MORAND: While I am entirely in favour of this disappearing, there should be some limit to the number that can be employed, because otherwise this will lend itself to a very nice way of employing one person for just an hour and paying him whatever is wished, and so on. Some limit should be set as to the number who can be employed.

Mr. GUTHRIE: I think the amendment is much too sweeping. This has been a provision in the law for a long time. While it may be inconvenient, I do not know that it has ever been abused and I do not know that it has ever been a very great inconvenience. I have never found it so and I believe I have contested probably more elections than anyone here. It has been in the act as long as I can remember. It may, however, be capable of some modification but I could not agree to its being stricken out and nothing else put in its place.

Mr. SULLIVAN: I object to this clause. In the large cities we cannot carry on an election without employing hundreds of people to prevent impersonation.

Mr. GUTHRIE: My hon. friend from East Essex (Mr. Morand) made a suggestion that we must pay heed to. If we have no limitation at all there is nothing to prevent one hiring one hundred people for an hour at $5 each, which would be a clear case of bribery. We must make the thing reasonable.

Mr. POWER: In these days of depression one is not likely to hire a hundred people at $5.

Mr. GUTHRIE: The depression will be over before the election.

Mr. CASGRAIN: Another false promise.

Mr. POWER: I have no objection to some form of limitation if it can be worked out.

Mr. GUTHRIE: I think we shall have to draft a clause. I would not like to strike out the whole thing.

Mr. POWER: I am quite willing to let it stand.

Mr. GUTHRIE: The carriers of the election officers are not disqualified.

Mr. POWER: No, they are excepted.

Mr. GUTHRIE: Yes. The objectionable words in subsection 1 are:

> Every person employed by any person for pay or reward in reference to an election in any electoral district shall be disqualified. . . .

Now the exceptions are all right, I understand.

Mr. POWER: Yes.

Mr. GUTHRIE: The limitation will have to be applied in subsection 1.

Paragraphs (a), (b), (c) and (d) agreed to.

Mr. GUTHRIE: Can we get a section or paragraph (e) to subsection 2, which will put a reasonable limit on those persons who may be employed?

Mr. FACTOR: Why not follow the wording of paragraph (d), "any person necessarily and properly employed"?

Mr. GUTHRIE: That is just as objectionable, because you might employ half your constituency.

Mr. CHEVRIER: I cannot see the wisdom of having any limitation at all. You might as well leave it as it is; why limit it to one or two or three or four? The evil is there.

Mr. GUTHRIE: Leave it as it is then.

Mr. CHEVRIER: No, I want the whole thing struck out. It is just as ridiculous when you come to the other parts, whether you have one or twenty-five.

Mr. POWER: The implication of this would extend to the trainmen employed on the private car which conveys the Prime Minister or the leader of the opposition about the country, the people employed on the radio when some candidate makes a speech, the man who pilots an aeroplane, or to persons who are often employed to make speeches for one or the other political party; although I do not think it ever has been applied to that length.

Mr. GUTHRIE: The question is what is reasonably necessary. Can we fix any limit?

Mr. POWER: Any limit to the amount of money expended?

Mr. GUTHRIE: No, it is not the amount of money, it is the number of persons who can be employed.

Mr. POWER: As pointed out by the hon. member for St. Ann (Mr. Sullivan) in large constituencies it is very difficut to limit the number. What would be extraordinary and extravagant for a constituency in the city of Quebec would be far too small in the city of Montreal. I can well remember that at one time it was stated here, I think a return was made by one of the candidates, that he had expended $44,000 in legitimate expenses in his election; that was His Excellency the Hon. Mr. Marler. The Secretary of State should be very familiar with the expenditures in that constituency, though I would not go as far as to say that he expended $44,000 in legitimate expenses.

Mr. CAHAN: He made a return under oath with a proper audit.

Mr. POWER: I quite agree, and I am not complaining, I only indicate that you cannot possibly place a limit on the amount of money expended for perfectly legitimate employees in a large constituency. It will be remembered, I think, that during that election candidates on both sides sent canvassers out to take photographs of the voters in order to be sure that there would be no impersonation at the polls. They went from door to door and asked voters to sit for their photographs and took snapshots. It costs money to do that with thousands and thousands of voters. But that is a perfectly legitimate expenditure, in fact it is to keep the election clean.

Mr. CHEVRIER: Suppose you have in a committee room four or five telephones, would you say that you should not have more than one telephone operator, more than one stenographer, more than one clerk? I think it is absolutely ridiculous.

Mr. GUTHRIE: How would it be to add to paragraph (d) a clause something like this:

> And such persons as may be reasonably necessary to afford clerical help to the candidate during the election, but which in no case shall exceed in number.

Mr. LAPOINTE: That would satisfy me.

Mr. SULLIVAN: Will that prevent impersonation? We may have a hundred men going from door to door taking photographs of these people, getting their names and addresses and whether they have a telephone and so on. If we have sixty thousand electors, we have to be very careful, three or four thousand people may come and telegraph; that is what we are up against.

Mr. POWER: I think if the minister would let it read "such persons as may be reasonably and properly employed" that would be enough. Our object is to prevent what you might call electoral blackmail. If this thing is carried on during elections—and it is, there is no use trying to get away from it—at least let us be able to put up a good case before a

judge if we have to go before him, and if the judge is a bit sympathetic and knows that the complaint is not bona fide but only made for the purpose of intimidating a candidate or the person elected, then he will have a chance to throw out any prosecution. That is all we want.

Mr. WOODSWORTH: While there may be danger in the clause as it now stands, I submit that to strike it out is a still more dangerous proceeding. There would then be no limit to the amounts that might be spent. It may be that the island of Montreal is an outstanding example of the difficulties of winning an election without a large election fund, but I submit that there are other methods by which elections in that city might be cleaned up than by opening wide the door to a reckless and unlimited expenditure. If this is cut out it will simply be a race to see who can spend the most money, because there will be no limit to what might be done in the way of sending out literature, employing canvassers, having people check and re-check, and so on. That would mean that the man with the deepest purse or the man who could command the utmost in the way of resources would be the man who would win the election, and that is fatal to any real democracy. So I would rather take the chance and insist that if people will not do this work voluntarily they must lose their franchise in that particular election. I think that is the only solution, short of what I suggested several years ago, that legitimate expenses should be put up by the government itself. I think that would be a reasonable proposal. If it is worth while to carry on an election in order to select a government, it seems to me worth while for the country as a whole to put up reasonable expenses. As an alternative, however, I should like to see this section retained.

Mr. CHEVRIER: The hon. gentleman misses the point entirely. This has no reference to the number of people who may be employed; it states that those people will be disqualified from voting. If a candidate wants to employ a thousand people and pay them—and have one thousand votes disqualified—he is at liberty to do so.

Mr. GUTHRIE: I cannot accept the motion, but if there is any reasonable basis upon which we can arrange it I am willing to confer with my hon. friends. I think there must be some limitation. I think my hon. friend from Ottawa has misapprehended the situation. At present you may employ such clerical assistance as you need, and you may pay for it, but those who are employed are disqualified from voting in that riding. That is a safeguard. If we removed this section a man might employ say a hundred workers for an hour at $5 or $10 each. That is bribery, but it could be done without disqualifying those workers. I do not object to a reasonable number being employed during the campaign, but I do not know what a reasonable number is. I know that from five to eight would be employed in the central committee room in my riding, and they would be chiefly stenographers.

Mr. MACKENZIE (Vancouver): Several hundred might be needed in other ridings.

Mr. GUTHRIE: I have no experience in the large cities, but I believe there should be some limitation. I do not like to open the door too wide. If my hon. friend from Quebec South (Mr. Power) thinks we can come to any satisfactory arrangement I should be glad to discuss the question with him, but if not I would have to ask that the section remain as it is.

Mr. IRVINE: If there are those who desire to use money to prevent the people from expressing their true views at the polls I cannot imagine a better way to do it than under this section. A very wealthy Conservative might hire all the C.C.F.'s the night before, and disqualify them all, or perhaps a wealthy Liberal might do that. The point is that anyone who wants to act crookedly can do so under the section as it now stands.

Mr. CAHAN: I have had some experience in running elections in the city of Montreal, and as a matter of fact I do not employ voters in my own constituency; I employ voters who reside and vote in other constituencies, which is perfectly legitimate. As a matter of fact, if I am to conduct an election in the constituency of St. Lawrence-St. George first I must have an inquiry to ascertain that the alleged voter resides where he says he resides. Then I must have some description of him so that he can be identified, and usually in order to identify him by questioning I wish to know his telephone number; if he has an office I wish to know where his office is situated and his office telephone number. I cannot run an election otherwise. In one of my elections a thousand voters were impersonated before they got to the polls. You must have means for a complete identification, and your representatives at the polls must be thoroughly informed so that they may prevent impersonation. At election time I employ people who do not vote in my constituency to do that clerical and protective work.

You must remember that if you are running an election in the city of Montreal you can go to an association in New York who will supply you with fifty or one hundred or two hundred or three hundred impersonators. These men will come to the city the day before the election, supplied with cards stating whom they are to impersonate; they will go from poll to poll impersonating voter after voter. In one election the only way we succeeded in preventing it was with the aid of a number of young men belonging to athletic clubs, some of them associated with McGill university, who were active supporters of mine. They saw an automobile carrying five or six men; it would stop at one poll and one man would get out and vote; it would go to the next poll and another man would get out and vote; and we then discovered that they were imported personators. We took the law into our own hands and disabled each one of those automobiles, and defied the police to take charge of us for breaking the law in that way. So we were able to smash the combination. But there must be some way whereby money may be legitimately spent in investigating and informing ourselves with regard to prospective voters, in order to secure such information as will enable us to identify each and preserve his right to vote. I can only avoid the present law by going to some other constituency and engaging men there to do that preventive work for me.

Mr. SULLIVAN: I could not do that. Your riding is different; I am one of your electors.

Mr. CAHAN: There must be some way to ensure that elections will not be carried by impersonation. That is very difficult indeed. So far as I am concerned I will be satisfied if this section remains, but then I may not employ people in my own electoral district to secure the information which is absolutely necessary. In one case I think we secured thirty or forty detectives from another province and some twenty or thirty others elsewhere. Strange to say, before the election I learned that even they were being bribed. We brought some sixty of them into the main committee room, told them we knew they were being bribed and were working for the opposite party and asked those who admitted it to take two paces to the front. Two-thirds of those men took two paces to the front, admitting that they were working for the other party and not for us. Such a situation is difficult but some way must be found to remedy it. I have evidence that at least fifty or sixty blank warrants were issued for use in my constituency. They were signed by a judge to be filled out when necessary. One committee in the St. Lawrence ward of my constituency of St. Lawrence-St. George, composed of respectable men, were arrested and put in gaol before the poll opened, through the use of blank warrants ostensibly signed by a judge in the city of Montreal. I have had police officers come to my main committee room where most representative women of the city were engaged on the telephones to persuade the voters to come to the polls. Those police officers had blank warrants which had been filled out on the street, with which they attempted to come in and arrest the most representative people in the city. We have stood at the door and said we would use strong measures if they attempted to carry these warrants into effect, because we knew they were false and fraudulent. That sort of thing is carried on, and it is not surprising to find that in the constituency of St. Lawrence-St. George the election expenses have run up as high as $120,000 or $125,000 in a single election. I know of one case where the candidate contesting the election spent $75,000, and there was a contribution of $25,000 to the election fund which had never been reported to him.

I claim no special purity whatsoever, but I do claim that I have taken every possible step to prevent fraud. No dollar has been expended except on the approval of an auditor, and every person who works for me during an election is told that we have put up a fund to send him to gaol if when working in my interests he secures a vote for me by fraudulent means. I have done all I can, and there it remains.

Mr. MACKENZIE KING: Does not the Secretary of State believe that the closed list would help to remove a situation such as he has described?

Mr. CAHAN: I think it would, to a great extent. I do not wish to refer to personal matters, but may I say that when some years ago we were discussing this matter in the committee on privileges and elections some hon. gentlemen opposite representing the province of Quebec were the most earnest supporters I had in my endeavour to secure better conditions. Since in and out of committee we have entered upon a discussion of this matter, may I add that I have been gratified that hon. members sitting behind the right hon. gentleman opposite have expressed to me with every evidence of sincerity—and I have full confidence that they were sincere—their desire to prevent this sort of fraud. I am sure they are as anxious as I am to prevent it.

Mr. BRADETTE: I wish to say only a few words, because I believe the more we try to amend the act the worse it will get. I notice that subsection (c) of section 37 states:

> Any person employed pursuant to this act as a deputy returning officer, poll clerk, messenger, interpreter or constable, or otherwise necessarily or properly employed by the returning officer for the conduct of the election.

May I say that scrutineers are engaged. It is legal for a candidate to have two scrutineers, one inside and one outside the poll. It is a well-known fact, and this applies to every hon. member and every candidate, that in some cases those men are paid. In my own riding I have an area bigger than the whole of the province of New Brunswick in which there are hundreds of polling divisions and hundreds of scrutineers.

Mr. GUTHRIE: But you never were allowed to pay scrutineers.

Mr. BRADETTE: It is done. I do not say that the law permits it, but it is done. We are doing some plain talking and I want to be fair about this matter. I say it is not fair to deprive hundreds of voters of an opportunity to vote at election times. In my section of the country many people have to go some considerable distance to vote; some of them are old, and cannot walk. My opponents have hired cars, and I have hired cars; that is a well-known fact. May I say that that applies not only on voting day but throughout the whole election. Then, I must pay the man who drives my car. No one can expect another person to work during an election campaign without receiving something for his time.

Mr. MacINNIS: As one listens to the statements made by the Secretary of State one would despair of making progress through democracy. As I listened to his remarks I was satisfied that I lived in the wild and woolly west and not in the liberal and ultra-religious city of Montreal.

Mr. CASGRAIN: Order.

Mr. MacINNIS: Order is right. I am not particularly concerned with this section, because I do not pay my workers. As a matter of fact, they sacrifice something in order to do the work. However, if there is any further proof needed that the clause should stand as it now is, or that there should be very little modification—

Mr. POWER: To shorten the discussion I shall withdraw my amendment. That will carry the section. We are just wasting time.

[Mr. Cahan.]

Mr. SULLIVAN: Why?

Mr. POWER: I am afraid it does not meet with anything like the unanimous support of the house, and in such a matter I do not think I should insist. I should be content, if the minister and hon. members agree, to have a vote right now.

Mr. SULLIVAN: I understood the Minister of Justice was going to move an amendment.

Mr. GUTHRIE: No, I am satisfied to have it withdrawn.

Mr. CHEVRIER: The best argument against the withdrawal of the section is made by the Secretary of State himself.

Amendment withdrawn.

Section agreed to.

On section 38—Effects of presence of name on list of voters.

Mr. GUTHRIE: This section was allowed to stand.

Mr. POWER: It was allowed to stand for some redrafting, and to make it conform to another section. It does not now conform to subsection 6 of section 33.

Mr. GUTHRIE: Let it stand for redrafting purposes only.

Section stands.

On sections 63, 73 and 74.

Mr. POWER: In these three sections the same question is involved. I refer to payments for conveyances to carry voters to the polls. These provisions have existed for many years and, if I may so express myself, they are more notorious in their breach than in their observance. There is hardly an hon. member on either side of the house who at one time or another has not known that remuneration of some kind was being paid to persons who conveyed electors to the polls. If the house were in a more favourable and receptive mood I would urge the necessity for these pieces of arrant hypocrisy being taken out of the act. I know of nothing more hypocritical than for 245 members of parliament to make a crime of something which every one of them has carried out at one time or another. That is absurd and ridiculous and it belittles us in the eyes of the people. However, if all this is going to delay prorogation I am going to let it drop but I shall bring it up again on some other occasion when we have more time for discussion.

Mr. CASGRAIN: I want to make the same remarks which I made with reference to sec-

tion 63. It would be pretty hard for an agent to make this return, especially in polling divisions as extensive as some of those in my constituency. It would mean he would have to be in contact with people within a radius of fifty, sixty or one hundred miles or more. It is most ridiculous to insist that this form should be filled in.

Mr. GUTHRIE: Let us get this thing straight. Do I understand that objection is being taken to section 63 by the hon. member for Charlevoix-Saguenay (Mr. Casgrain) and to sections 73 and 74 by the hon. member for Quebec South (Mr. Power)? Are these agreed to?

Mr. WOODSWORTH: Before these sections are declared carried, I should like to object decidedly to the statement made by the hon. member for Quebec South (Mr. Power) that every one of the 245 members has carried on elections in contravention of this act. As far as I am concerned, that is not true.

Mr. GUTHRIE: Write him a letter.

Mr. WOODSWORTH: That statement has been made on the floor of the house and I want to contradict it. Furthermore, the hon. member has suggested that we are hypocrites because we do not endorse the method of remedying the evil which he has suggested. He claims that that is the best means of getting away from the difficulty, but I think there is another method. If he brings it forward I shall be glad to consider it carefully. We are not hypocrites simply because we do not jump at his particular method.

Mr. POWER: I do not know the right biblical quotation but I accept the statement of the hon. member that he never paid anything to his knowledge for the conveyance of voters in an election in which he has taken part. I accept his statement in the spirit in which it is given, but I must say that he is a remarkable exception.

Mr. SPENCER: I would remind the hon. member for Quebec South that the hon. member for Winnipeg North Centre is not the only exception.

Mr. POWER: We will except the whole lot of them.

Sections 63, 73 and 74 agreed to.

On section 46—Manner of voting.

Mr. IRVINE: Mr. Chairman, I desire to move an amendment to section 46. I understand that the act which we are amending is an instrument to assist in the carrying out of the will of the electorate in electing members of the House of Commons. I understand that the underlying principle is that the House of Commons shall truly represent the will of the people so voting. I think hon. members will agree with me when I say that it would be rather an accident if under the system of electing which we have been considering in this bill we should return to parliament a true representation of the will of the people. I do not think it is necessary for me to enter into any exhaustive treatise on the subject of proportional representation. This has been put forward from time to time in this house as a remedy for the fact that very often after an election the will of the majority of the people has been defeated by the method of elections. Fortunately, proportional representation is not a new thing in this house. It has been discussed exhaustively on several occasions. I would refer hon. members to the discussion which took place in this house in 1921, I think on the motion of Mr. Sexsmith. I refer them also to the committee of the house which was appointed to investigate the whole matter as a result of that motion. I also refer them to the motion made by Mr. W. C. Good on May 10, 1922, when this matter was covered both comprehensively and in detail. As the principle of proportional representation is well understood by hon. members, I shall not attempt anything more at this time than to state the important points which now concern us in view of the fact that the Elections Act is now before us.

I should like to draw attention to the weaknesses of the present method of voting. I think the first thing every hon. member should do is to face frankly the weaknesses in the present voting system and for which proportional representation is the proposed remedy. As I have said, it would be accidental if the present system of voting resulted in a parliamentary membership which reflected the true will of the people. Under the present voting system it is possible for a minority to be either entirely excluded or to have a representation far below that to which their voting strength properly entitles them. On the other hand, it is possible for a minority to obtain representation in parliament far in excess of that which is warranted by their voting strength. One or the other of these undesirable results occurs to varying degrees in every election. In some elections a party representing a minority of the electorate goes into power, thus depriving the party receiving the majority of the votes from forming the government, as it should do properly. An occurrence of that sort certainly violates the true principle of representative government. In

other cases a large majority may have no representation at all, as occurred in the recent election in Saskatchewan where the Conservative party, having roughly over one-third of the entire votes of the province, did not secure a single representative. The recent elections in British Columbia and Ontario demonstrate the same weaknesses in our voting system, to which I have referred already. I mention these elections because they are fresh in our memories and we can refer to the facts very easily. An examination of the results of almost any election conducted under the present system of marking ballots would give similar evidence.

I refer to two other instances. In the dominion elections of 1926 the Conservative party polled 83,000 more votes than the Liberals, yet had 25 fewer seats. In the federal elections of 1930 the Conservatives polled 1,909,955 votes and obtained 136 seats while all other parties polled 1,989,040 votes and obtained only 107 seats. Under proportional representation the Conservatives would have had 119 seats and the other parties in the house a total number of 124 seats. This makes a difference of 17 seats which the Conservatives obtained under an unjust system of voting. An examination of the figures of almost any election will reveal that it is practically impossible under the system in vogue to procure a parliamentary membership which reflects accurately the opinion of the voters. In other words, we have what the Right Honourable David Lloyd George called an "anomalous, unjust and grotesque electoral system which is a fraud and a mockery of democracy." So much for the defects of the present system of voting.

Proportional representation is a method of voting which gives representation of citizens on elected bodies in proportion to their voting strength, thus ensuring that the majority of the electors shall rule, while at the same time providing that all considerable minorities shall be heard. The method of voting adopted under proportional representation is called the "single transferable vote." This implies:

1. That constituencies shall be grouped or be made large enough for the purpose of electing several members, the number to be fixed according to what is practically convenient.

2. That while there are several members to be elected in such a grouped constituency, each elector shall have, as now, only one vote.

3. The elector, in marking his ballot, will use the figures 1, 2, 3, and so on, indicating the order of his preference of the candidates, instead of marking an "X" opposite only one of the candidates, as he now does. Voting is quite as simple for the elector under proportional representation as it is under the present system, the only difference being in the task of the returning officer in making the count and in the results of the election which a true voting system would yield.

4. The vote of an elector may be transferred according to the choice as indicated by him in marking his ballot.

5. A vote may be thus transferred according to indicated choice in the event of the candidate against whose name the figure (1) has been put not requiring to use the vote thus given. There are two conditions under which the candidate of the first choice may not require the vote of an elector. These are: (a) if he is hopelessly defeated; or (b) if he has a number of first choices equal to or greater than the required majority.

In the former case the candidate so hopelessly defeated is dropped, and the second choice attains the status of the first choice, and so on until each ballot is exhausted in the election of a candidate, whereas in the case of the single transferable vote in multi-member constituencies, the surplus above the desired majority may be transferred in the order of the indicated choice, as well as the votes giving first choice to a candidate who comes last in the running.

6. The majority required in a grouped constituency is determined on the same principle on which a majority is determined in a single member constituency. That is to say, a majority in a single member constituency is determined by dividing the total number of votes by one more than the members to be elected and adding one. If there were five members to be elected, the total vote would be divided by six, and adding one to that quotient would give the majority required by each candidate, or as it is called, the quota.

7. In single member constituencies this principle of vote transference is known as the alternative vote. It is applied only when there are more than two candidates running in a single member constituency, and it ensures that the elected member shall obtain a majority of the votes cast in the constituency. The candidate with the lowest number of votes in this case is dropped, and his votes are transferred to the others according to the choice indicated by the voter. In this way the candidate elected will finally obtain a true majority of the votes cast in the riding. While the alternative vote does give a majority in each riding to the elected member, it would not in itself prevent the total membership of the house representing a minority vote, nor would it be a guarantee that minorities would have representation. It

only guarantees a majority in each riding where it is used.

The transfer of votes according to choice may be carried out with complete justice to each candidate and to the electors concerned. The method may be illustrated in the following manner. Let us say that the quota required to elect a member in a grouped constituency is 2,000. A obtains 3,000. He therefore has 1,000 votes that are useless to him. One thousand votes happens to be a third of all the votes which were marked with a "1" for him. The returning officer, therefore, goes over the three thousand ballot papers a second time, and discovers the names against which the second choice have been marked. Let us assume that candidate B is second choice on 2,400 ballots and candidate C is marked second on 600 papers. We have seen that candidate A can spare one-third of all his 3,000 votes. He can, therefore, spare to B one-third of 2,400 of the ballot papers on which B is marked second choice, or 800. He can also spare to C one-third of the 600 on which C is second choice, or 200. This would result in electing A with his proper majority of 2,000, and would transfer the other thousand to B and C proportionate to the choices indicated, which as we have seen was 800 votes to B and 200 to C.

Is proportional representation the remedy? That proportional representation would do as it claims it would do, namely, result in an elected assembly which correctly reflected the opinions of the voters concerned, there can be no doubt. Fortunately, the system is used in many countries, and in many cases other than in elected public bodies. I quote only one case. The provincial election in Alberta in 1930 gives us a notable example. Proportional representation is applied in the cities of that province. I quote what happened in the city of Calgary in the 1930 election. The Conservatives obtained, in the final count, 10,519 votes. They elected three members. The Liberals obtained 7,082 votes. They elected two members. Labour obtained 3,492 votes, and elected one member. Contrast these figures with rural ridings in Alberta at the same election, when the U.F.A., with a vote of 70,957 elected thirty-four members. The Liberals, with 34,187 elected eight, the Independents with 23,832 elected three, and the Conservatives with 7,481 elected none, while Labour with 6,156 elected two members. The figures should have been, under proportional representation, 24 instead of 34 U.F.A., 11 instead of 8 for the Liberals, 8 instead of 3 for the Independents, and 2 instead of none for the Conservatives.

Proportional representation is used for elections to municipal councils in:

Cleveland
Cincinnati
Hamilton, O.
Boulder, Colo.
Winnipeg
Calgary
West Vancouver
St. James, Man.
Dublin
Cork
Christchurch, N.Z.
Armidale, N.S.W.
Berlin
Hamburg
Vienna
Budapest
Copenhagen
Stockholm
Oslo
Amsterdam
Rotterdam
Zurich
Berne
Geneva

And hundreds of other municipalities in the following countries:

For all important public elections of representatives in:

The Irish Free State
Germany
Austria
Denmark
Sweden
Norway
The Netherlands
Luxemburg
Bulgaria
Saar Valley
Cuba

For parliamentary elections in the following countries also:

Malta
Belgium
Switzerland
Czechoslovakia
Poland
Finland
Iceland
Esthonia
Latvia
Lithuania
Danzig
San Marino

For some members of parliament in:

Great Britain
Northern Ireland
South Africa
India
Costa Rica
Portugal
Hungary
Uruguay

For provincial elections in most of the countries mentioned, and in:

Manitoba (part)
Alberta (part)
Tasmania
Argentina (part)

For school boards throughout Scotland.

I have taken a little time outlining proportional representation, because I want to make it clear that while the amendment which I shall move does not include that method, in my opinion until that system is applied we shall not get rid of the whole difficulty to which I have alluded, namely, that under the system now used minorities may come into power while on the other hand they may not have representation at all—results depending on the accident as to how the votes happen to be divided in constituencies where more than two candidates run.

Mr. REID: How would the hon. member prevent plumping under that system? Suppose there were three candidates, how would you make sure that they indicated first, second and third choice?

Mr. IRVINE: There is no possibility of preventing the voter from doing what he pleases; he may exercise all his choices or only one. If he decides to use only one, there is no discrepancy or injustice done him at all; he has done all that he wanted to do, and that is often done. In many cases voters do not use all their preferences, but in most instances they do, and with satisfactory results.

I am glad to say that in urging the adoption of the alternative vote in single member constituencies where more than two candidates are running, I am able to quote the recommendation of a special committee appointed by this house in 1921, and which committee reported to the house on the 13th of May that same year in part as follows:

> It must be apparent to all that the present system of election in single member constituencies meets fully the purpose intended only when not more than two candidates are nominated. Recent experiences in elections in Canada have brought home to our people the fact that where three or more candidates present themselves in single member constituencies, the candidate declared elected may and often does, represent merely a minority of those voting in the constituency.
>
> Your committee believes that in constituencies where more than two candidates present themselves, the adoption of the alternative vote offers a solution of the difficulty, inasmuch by such method the candidate finally declared elected would represent the choice of the majority of the electors.
>
> The system of the alternative vote has its application only in those constituencies in which more than two candidates present themselves. The work of the elector is simple. Instead of marking a cross opposite the name for which he desires his vote to count his privilege is to place the figures 1 and 2 after the names of his first and second choices. If upon the counting of the ballots it is found that a majority of those voting have placed the figure one (1) after the name of one of the candidates, then that candidate is declared elected. Should, however, it be found that none of the candidates has received an absolute majority, then in such event the following procedure is adopted. The candidate having the lowest number of first choices is dropped and the second choices expressed on his voting papers are transferred to those indicated on such ballots. This procedure of dropping the candidate having the lowest number of votes after each count is continued until but two candidates remain, and the candidate who has the greater number of votes of these two is declared elected.
>
> Your committee is of the opinion that this system will give a truer reflection of the desires of the voters in the various constituencies than will be obtained where more than two candidates run under our present method of counting the votes.

As already stated, the only difference to the voter in marking his ballot is that he uses figures instead of an "X" or a cross. In actual practice it has been shown that this method of marking ballots is as simple to the electors as the other, and the percentage of ballots spoiled in provinces where this system is used is no greater than that of those that used to be spoiled under the old system.

May I, in further urging the adoption of the alternative vote in one-member constituencies where more than two candidates are running, draw the attention of the committee to the figures in a recent election, which figures, I think, will give point to the contention. Again referring to the election in Saskatchewan we find that the Liberals obtained 173,066 votes and secured forty-nine seats; the Conservatives polled 103,647 votes and got no seats at all; the Farmer-Labour party polled 87,709 votes and got five seats. In other words, the Conservatives and the C.C.F. combined had a plurality of 18,290 votes and elected only five members, while the Liberals, who were in an actual minority of the votes polled in that province, secured forty-nine seats. If the object of the election act is actually to assist the people of this country to say who shall govern, the method of voting must be altered. Of course I am not arguing that if we had had the single alternative vote in Saskatchewan the result would not have been the same; the electors might have voted Liberal on second or third choice, but they should have had the privilege; that is all I am contending. I am sure all hon. members will agree with me it is our duty to give the electorate that opportunity to make a second choice in cases where there are three or more candidates running in one-member constituencies so that the individual who may be elected will have a majority of the votes in that riding.

I would gladly have moved the acceptation of the entire proportional representation proposal, but I know, in order to put that into effect, we have to group our constituencies in some form or another and that would mean going over the whole redistribution again. At this time of the session, and probably for all I know, the last session and perhaps the last parliament for some, it is better, I think, that we should confine the amendment to the alternative vote which is practicable and which would go some way at least toward remedying the evil. Therefore I move, seconded by the hon. member for Battle River (Mr. Spencer):

That section 46 be amended by striking out subsection 3 and substituting therefor the following:

Every voter shall have one vote only which may be transferable in the manner hereinafter provided.

The voter on receiving his ballot paper shall forthwith proceed into one of the compartments of the polling place and there mark his ballot paper with the black lead pencil provided, as follows:

(a) Shall place the figure 1 on the ballot paper within the white space containing the name of the candidate who is his first choice and every vote given by placing the said figure 1 in such white space shall be a "first preference vote."

(b) May in addition to the figure 1 authorized by this section place on his ballot paper the figure 2 within the white space containing the name of his second choice, the figure 3 within the white space containing the name of his third choice and so on in the order of the candidates he would prefer if the candidate of his prior choice does not need his vote, or cannot be elected. He may thus express as many choices as there are candidates.

(c) He shall then fold the ballot paper so that the initials and stamp on the back of it and the number on the counterfoil can be seen without opening it and hand it to the deputy returning officer, who shall without unfolding it ascertain by examining his initials and the stamp and the number of the counterfoil that it is the same ballot paper that he furnished to the voter and shall then in full view of all present including the voter, remove the counterfoil and tear up or otherwise destroy it and place the ballot paper in the ballot box.

This amendment has been taken verbatim from the Alberta Elections Act which provides for this method of voting, and in the event of the committee carrying this amendment there are several other clauses that would have to be correspondingly amended. For instance, the clause dealing with spoiled ballots would have to be amended; the instructions to the returning officer would have to be slightly amended, and the facsimile of the ballot would have to be slightly changed, but beyond that very few changes would have to be made. I suggest that if the committee did feel like accepting this, we could avail ourselves of the Alberta Elections Act and if it did not suit us in its entirety, it would at least form a basis for the amendments necessary.

I conclude by making an appeal to the leaders on both sides of the house to call off the whips in connection with this vote. Recognizing that there is a wrong here and in a matter of this sort, taking all things into consideration, the leaders of the house might very well allow hon. members to settle this question as they themselves actually think outside all party considerations whatsoever. If under those conditions it is defeated I shall be, not content but at least I shall know that we have acted according to what we actually think individually. I suggest that the leaders take that suggestion into consideration.

Mr. GUTHRIE: I am sure the committee appreciates the very able and concise manner in which the hon. member for Wetaskiwin (Mr. Irvine) has presented the question not only of proportional representation but also of the alternative vote. I had noticed that my hon. friend from Wetaskiwin was going to present this matter by way of amendment during the committee stage of this bill; he mentioned the matter in the committee but the committee thought it would not be well to consider it there and that it should be discussed in committee of the whole.

I hope he will not think me disrespectful if I do not seek to elaborate what may be called the case against proportional representation and the alternative vote. I am well aware that there are certain sections of the country and large bodies of people who are entirely favourable to a change in our electoral system by the adoption of some means akin to the suggestion which the hon. member has just made, but I do not think there is in Canada any very general demand for a change. I would not be prepared to say that there is not a great deal of merit in the proposal, but I do not think that at this time in the history of the country and at this hour of the present session it would be profitable to enter upon a prolonged discussion of this subject. I think it would be better if my hon. friend were content to let the matter lie until a later date, after another general election. I do not think that the present time is opportune for the consideration of a question of this kind, therefore I must tell my hon. friend that at present we cannot look favourably upon the proposed amendment.

Mr. LAPOINTE: Mr. Chairman, I have already supported the principle of the alter-

native vote in this house and I feel that I am bound to support the motion of my hon. friend (Mr. Irvine) although I agree to some extent with what my hon. friend the Minister of Justice (Mr. Guthrie) says as to the lateness in the present session and the difficulty of considering on its merits at this time a question which involves such an important change in the election law of the country. I only regret that this matter had not been brought before the house at an earlier stage of the session. I must call the attention of the committee to the fact that this House of Commons has already expressed itself as being in favour of the principle of the alternative vote, not only by a vote in the house in 1923 but also through the report of a committee in 1921 which had been sitting for a long time and which recommended the adoption of the alternative vote, a report which was accepted by the house. I might say that in Ontario also during the session of 1921 a committee reported favourably on the principle of the alternative vote.

There is all the difference in the world between the alternative vote and proportional representation. Under the system of proportional representation minorities are represented in parliament. The alternative vote is the opposite of that; it is to assure the representation of the majority at all times. In England a royal commission investigated that matter for a long time and declared against the adoption of the proportional representation system but in favour of the alternative vote. Their report was accepted by the House of Commons by a majority of one, but the Lords rejected it. It was revived later, in 1924, I believe, when the Labour government was in office. Mr. Henderson for the government said that if it were limited to the alternative vote they might adopt it, but the motion was for proportional representation as well. The Liberal party in Great Britain at every annual meeting adopts a resolution in favour of both proportional representation and the alternative vote, but I must say that the Labour party in England seem to have changed their views when they came into power and refused to put into effect what they had been advocating in opposition.

There is no doubt that the alternative vote system is a fair way of assuring representation of the majority in each constituency in the House of Commons. In many continental countries they have what they call the ballottage—I do not know whether "ballottage" would be a good translation—meaning that when no candidate has the absolute majority of the votes the weakest candidates are eliminated, and eight days after the date of the general election they hold a special election between the two strongest candidates. It is the same thing except that it happens after the election while under the alternative vote it happens at the time of the election.

I think there is more justice in that system than in our present system of electing the one who in the polling comes first. There are electors who would prefer one candidate on account of certain planks in his platform, but would like another on account of certain planks in his. Nobody is perfect, and there are always various questions submitted to the electors; it is a good thing that the electors give their first vote to the candidate they prefer, but have a chance to make a second selection. In the end it ensures that no member of the House of Commons would be there against the will of the majority of the electors in that constituency. I repeat that I think this is a fair method which should be accepted in this country. I am not quite sure, however, that at this late hour of the session, when no educational work has been carried on and when the question has not been submitted to a committee, as should be done before such a radical change is effected, it is wise to press the amendment. I quite understand that there are those who would not be willing to vote favourably under these circumstances, but so far as I am concerned I will support the amendment of my hon. friend.

Mr. BROWN: I should like to give my support to the amendment that has been moved by the hon. member for Wetaskiwin (Mr. Irvine). I do not see that there can be any reasonable objection advanced to the alternative ballot, though there are objections to proportional representation in a country like Canada. Our population is too scattered; it would necessitate very large constituencies, and for these reasons to my mind proportional representation in Canada is impracticable. But as I see it there can be no objection to the alternative vote. I do not think the objection that it is late in the session and that the system is not sufficiently well known should carry weight. This is not a new system in Canada. We have had it for some years in Manitoba; I think it was introduced by the Liberal government about 1920 or thereabouts. I think I am correct in saying that three provincial elections have been held under the system. In Manitoba we have both proportional representation and the alternative vote. In the city of Winnipeg we have proportional representation; Winnipeg elects ten members. In the last provincial election the Liberal-Progressive government elected three who passes the pole first. There are electors

members, the Conservatives elected three, and the Independent Labour party elected four. I think it was pretty generally conceded that this was a fair representation of the wishes of the electors. In the great majority of the constituencies the Liberals and the Brackenites, as they are sometimes called, formed a coalition, and in most constituencies there were only two candidates. There were, however, some three or four constituencies—I have forgotten the exact number—in which the result depended upon the second choice of those who had voted for candidates who were eliminated by virtue of being out of the running entirely, but I think when the second count was made the candidate previously receiving the majority of the votes was elected, which expressed the wishes of the people. I think in every case it happened that the candidate having the largest number of votes also received the majority of the second choices, but it might have been the other way just as easily.

I do not think we should have a condition such as resulted in Saskatchewan after the last provincial election. The probability is that if the alternative ballot had been used in that province the C.C.F. would have been eliminated completely and a number of Conservatives would have been elected; at least that is possible. Whether or not it would have been desirable, of course, is a matter of opinion. However, I do not think it well that large bodies of the electorate should have no representation in the house. I have been a supporter of the alternative ballot for the last twenty years, or ever since it was brought to the attention of the people, and I should like to give my support to the amendment that has been moved. I do not think the objections that have been raised are valid, in view of the fact that it is such a simple matter. It is not as though we were bringing in some elaborate scheme; this is so simple that we might as well pronounce upon it now as at any other time. It is simply doing in one operation what in our nominating conventions we do in two. If three candidates are nominated the low man drops out and a second vote is taken, giving those who voted for that man an opportunity to exercise a second choice as between the two candidates remaining. That is all it amounts to.

Mr. MACKENZIE KING: The committee I know are anxious to vote before six o'clock, so I shall be very brief in what I have to say. The hon. member who introduced the amendment suggested that the leaders of the parties give their followers freedom to vote as they please. Let me say to him at once that as far as the Liberal party is concerned, each member is absolutely free to vote as he pleases. Personally I shall vote for the amendment if it comes before us, and the hon. member presses it to a vote, because I am in favour of the alternative vote and am also in favour of proportional representation. But I must say that I agree with the Minister of Justice and my colleague from Quebec East, that to press this matter to a vote at the moment would probably only serve to prejudice the cause the hon. member has at heart. I imagine at this time many hon. members are voting to get away rather than to add to the number of sections that will have to go into the act.

The CHAIRMAN (Mr. Gobeil): Shall the amendment carry?

Mr. IRVINE: In view of the fact that we are hurrying to get through and in view of the remarks of the right hon. leader of the opposition and the Minister of Justice in regard to the difficulty of carrying this change through at the present time I would rather not press for a vote which might prejudice the case, as the right hon. leader of the opposition has just said. So with the permission of the committee I will withdraw my amendment in the hope of having an opportunity of introducing it at some other time.

Amendment withdrawn.

Section agreed to.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 118, for the relief of Eugenie Margaret O'Reilly Stavert.—Mr. Davies.

Bill No. 119, for the relief of George Harold Allen.—Mr. Bell (St. Antoine).

Bill No. 120, for the relief of Ena Beatrice Duclos Boyd.—Mr. Bell (St. Antoine).

Bill No. 121, for the relief of Paul Herbert Addy.—Mr. Bell (St. Antoine).

THE SMALL LOAN COMPANY OF CANADA

The house in committee on Bill No. 15, to incorporate the Small Loan Company of Canada—Mr. Geary—Mr. Stirling in the chair.

On section 1—Incorporation.

Mr. COOTE: There was considerable discussion concerning several of these bills, and I thought it was the understanding that they were to stand until consideration had been given to Bill No. 123, to amend the Loan Companies Act, introduced by the Prime Minister and considered only yesterday. So far as I am concerned I should oppose very much the passing of this bill unless we had some assurance that the other bill would be proceeded with. If possible I should like to proceed with it first so that we may know the circumstances under which this company will be allowed to operate.

Mr. BENNETT: Mr. Chairman, since yesterday, when we dealt with the amendment to the Loan Companies Act, I have given some consideration to the preparation of new sections for the amending bill, No. 123. The proposal is at this session to make all companies heretofore or now or hereafter incorporated subject to the amending bill or, as it will be, the amending act. Section 111 of the Loan Companies Act will read as follows:

Where it is established to the satisfaction of the Minister of Finance that any company has, subsequent to the passing of this act, in respect of any loan or other transaction, charged, imposed or collected, directly or indirectly, interest and other charges, of any kind, nature or description whatsoever, exclusive of fees imposed for registration purposes,—

That probably should be changed to "disbursements imposed for registration purposes," as suggested by the hon. member for Battle River this morning.

—amounting in the aggregate to more than two per centum per month on the monthly balance due by the borrower—

And I suggest that it should be "owing by the borrower."

—the minister may recommend to the governor in council that the charter of the company be forfeited, if it be a dominion company, and that its dominion powers be terminated if it be other than a dominion company, whereupon the governor in council may by order provide that upon such day as may thereby be fixed,

(a) if the company be incorporated by an act of the parliament of Canada, its charter shall be forfeited;

(b) if the company be otherwise incorporated, any or all rights, powers, franchises or authorities granted to it by any act of the parliament of Canada shall cease and determine.

2. Upon the making of any such order, such charter shall be forfeited or such rights, powers, franchises or authorities shall be terminated, according to its terms, as fully and effectually as if the provisions of such order in council were incorporated in this act.

Bill 123 has been reprinted and now appears on the files of hon. members. Since yesterday I had the opportunity to look into the Money Lenders Act of Great Britain which was passed in 1927, and about which it will be remembered a very great deal of discussion took place both in the Lords and in the Commons. Also I have had an opportunity briefly to study the provisions of American statutes dealing with money lenders. In Great Britain the maximum is four per cent per month, by statute. That covers all charges such as we have here. In many of the American states the rate runs between three per cent and four per cent. As I indicated to members of the committee my own view is that two per cent may be too small, and that two and a half per cent would seem to be the minimum we might hope to use in this country, having regard to the experience of other countries.

Frankly I may say I have no idea that these small companies discharged the useful functions in all countries which an investigation by the Russell Sage Foundation disclosed. As they are the subject matter of much legislation in various countries my own view is that the enactment of this amendment will protect the public in the meantime, and that we could pass at next session of parliament a money lenders' act modelled along the general principle of the British legislation. For instance, it was news to me that one company on the American continent has about four hundred agencies, and does a very substantial business with a limitation much greater than that which is imposed here. I believe it operates at a rate of three and a half per cent.

Under the circumstances I desire to assure the hon. member for Macleod that it is my intention to proceed with this bill immediately the opportunity offers, and to make all companies, which heretofore have been, are being or may hereafter be incorporated, subject to it. The limitation mentioned in the bill is two per cent, but after reading the British Moneylenders Act, and other legislation, I may say that when the time comes we may adopt a rate of two and a half per cent instead of two per cent.

Mr. SULLIVAN: A minimum of two and a half per cent and a maximum of three per cent.

Mr. BENNETT: There is no maximum. That is the maximum.

Mr. COOTE: May I congratulate the Prime Minister on his attitude in connection with this matter. My own opinion is that two per cent would be quite high enough, but I certainly would not disagree with the Prime

Minister if he thinks that two and a half per cent should be allowed. I doubt whether the Prime Minister and hon. members generally are aware of the type of advertising being carried on by these companies, and I do not believe they realize the extent of their operations. I had handed to me only to-day a circular which has been broadcast through the mail. It has a very attractive picture at the top of it, and underneath appear the words, "Keep on the sunny side." Then in the next text I find the following:

Harassed by petty debts?

Are they impairing your ability to work? Clear them all this simple way.

Figure up how much you owe—then come to the Industrial Loan. We will advance you sufficient to pay them all at once. Take a year to repay us in small monthly instalments.

Do it now! Free your mind of worries and get out of debt on the convenient thrift plan.

You will be surprised how easy and simple it is for any salaried man or woman to obtain a loan from $50 to $500 or more.

If you are keeping house and are able to make regular monthly repayments, you have all the security necessary for a loan. No negotiable collateral or real estate are required, the only signatures necessary are those of husband and wife.

Simplicity is the keynote of the thrift plan.

Then at the bottom appear the words, "Industrial Loan and Finance Corporation," and in brackets the words "under dominion government supervision." Then the circular goes on to give the name of the manager and the address of the Ottawa office. Then, in the corner, under the very pretty title of "Keep on the sunny side," I find the following:

Personal loans from $50 to $500.

1. The only investigations made are the questions asked of you.

2. The only signatures needed are those of husband and wife.

3. Lowest charge in Canada on loans of this type—our rate authorized by a special act of the dominion parliament incorporating the company.

My reason for bringing this circular to the attention of the Prime Minister and the government is to suggest that in some section of the bill we should incorporate a paragraph which would limit the type of advertising these companies may carry on. I think that some of the literature sent out is at least misleading. While we may not properly settle the point under section 1 of this bill, I hope that at some stage the hon. member in charge of the bill will be willing to accept an amendment limiting the type of advertising the company may carry on. I certainly think some of this advertising is misleading.

Mr. CHAPLIN: What is objectionable?

Mr. BENNETT: I should like to say that I have considered that and in my judgment the bill which we are now proposing to ask the house to accept is of so drastic a character, imposing the risk of the loss of the charter, that I do not think we need fear much of that form of advertising. I believe that the whole matter must be dealt with and should be dealt with while we are a new country and before the vested interests create a situation such as developed in Great Britain when the Moneylender's Act, 1927, had to be considered. If the indulgence of the electors permit me to do so, this may be done after the next elections.

Mr. COOTE: I understand that in Great Britain the kind of advertising which these companies may carry on is very well defined by the law.

Mr. CHAPLIN: What is there in that advertising that is objectionable?

Mr. COOTE: They say that you can get out of debt by borrowing from the company on very easy terms. The evidence given in the banking committee was that these companies were receiving from forty to ninety per cent on the bulk of their loans. Once a person borrows from such a company, I will not say he is in debt for the rest of his life but he certainly is in debt for a long time. I think it is safe to say that at least one-half of what the borrowers pay in, is for interest and other charges. It should not be called interest; it should be called usury. I am not saying that the companies make too much, because I do not know what their earnings are, but I think parliament should be very careful in granting charters to these companies. It is a serious reflection upon our social and economic system that people are obliged to pay such high charges in order to secure loans of from $50 to $200. Advertising of this kind is simply leading people into trouble. I am advised that the city manager of one company was formerly a manager of a chartered bank. This company must be making very good earnings in order to employ a man of that type as manager. What I should like to see done is to have this advertising controlled so that the people will not be misled into thinking that they are getting loans at low rates of interest. The circular which I quoted from states that the company charges the lowest rates in Canada on loans of this type and that their rates are authorized by a special act of parliament incorporating the company.

Mr. CHAPLIN: They do not say what their rate is.

Mr. COOTE: The superintendent of insurance, to whom all these companies report and who is well acquainted with their operations, stated that in some cases the interest and charges collected amounted to ninety per cent of the amount of the loan.

Mr. CHAPLIN: That statement is misleading. The inference is that that all goes to the company whereas it includes disbursements.

Mr. COOTE: There was also corroborating evidence to the effect that practically every cent of it goes to the company, that the so-called service charges and disbursements were made to employees of the company.

Mr. CHAPLIN: That was assumed but it was never definitely determined.

Mr. COOTE: The superintendent of insurance made a very definite statement on that point. He said that in most cases the charges were paid to employees of the company.

Mr. CHAPLIN: He said in some cases; he did not say in all.

Mr. COOTE: I am sorry his evidence was not recorded as I am sure it would have shown that in the majority of cases this was so. In a number of cases the chattel mortgages were not even registered so there were no disbursements in that connection.

Mr. LUCHKOVICH: The objection I take to all these bills is that it would nullify our other financial legislation. All these loan companies should be like Caesar's wife, above suspicion. The marginal note states, "forfeiture of charter of company imposing interest and charges exceeding fixed limit." The Prime Minister has mentioned two and a half per cent. While that provision will not wholly eradicate the evils of these various bills, I believe it will partly do so.

Mr. SPENCER: Do I understand that we have the assurance of the Prime Minister that should these bills pass, Bill No. 123 will be put through this session?

Mr. BENNETT: I will ask that they stand for third reading until our bill has passed.

Mr. SPENCER: I have three amendments to move, two to section 5 and one to section 8. If this other bill passes it would not be necessary to put them forward.

Section agreed to.

Sections 2, 3 and 4 agreed to.

On section 5—Powers.

Subsection (a) agreed to.

Subsection (b), paragraphs (i) and (ii) agreed to.

On paragraph (iii)—Additional charge.

The CHAIRMAN (Mr. Stirling): This has been amended by adding the following words at the end of the paragraph:

—save that in the case of loans of one hundred dollars or less in amount, the said charge for the legal and other actual expenses disbursed by the company in connection with the loan, but not exceeding the sum of ten dollars, shall be in lieu of the charge authorized by subparagraph (ii) of this paragraph.

The CHAIRMAN (Mr. Stirling): This subsection is to be amended by adding the following words at the end:

And in neither such case shall the charge exceed the sum of five dollars.

Mr. MITCHELL: I think the charge of $5 is too high.

Mr. BENNETT: That will be governed by the provision in the general statute, that it cannot be more than two and a half per cent for any purpose.

Mr. MITCHELL: That is inclusive.

Mr. BENNETT: Absolutely.

Paragraph agreed to.

Subsection agreed to.

Subsections (c), (d) and (e) agreed to.

Subsections 2 and 3 agreed to.

On subsection 4—Penalty.

Mr. COOTE: I wish to move an amendment to be known as new subsection 3 (a):

The company shall not, nor shall any person acting on its behalf, knowingly send or deliver or cause to be sent or delivered to any person except in response to his written request any circular or other document advertising the name, address or telephone number of the company or containing an invitation—

(a) to borrow money from the company;

(b) to enter into any transaction involving the borrowing of money from the company;

(c) to apply to any place with a view to obtaining information or advice as to borrowing any money from the company;

nor shall the company or any such person publish or cause to be published in any newspaper or other printed paper issued periodically for public circulation, or by means of any poster or placard, an advertisement advertising any such particulars or containing any such invitation or containing any information or statement other than the name of the company, the authorized address at which the company carries on business, the telephone number of the company, a statement that the company

lends money with or without security, the highest and lowest sums that the company is prepared to lend and the date on which the business of the company was first established.

If any document issued or published by or on behalf of the company purports to indicate the terms of interest upon which the company is willing to make loans or any particular loan, the document shall express the interest proposed to be charged in terms of either an effective rate per centum per annum or a rate per centum per month.

The reason why advertising by such companies should be circumscribed is that they are using the mails to advertise their business and get a lot of people into debt, people who normally, I think, might keep out of the clutches of such concerns. In spite of what some hon. members think, I believe that the advertising which many of these companies indulge in is misleading. It is desirable, I submit, to keep people from getting into debt with companies of this class as far as it is possible to do so. Certainly we should prevent, if possible, companies of this type from indulging in lavish advertising which I think creates a false impression of the position which people will find themselves in once they enter into an agreement with one of these companies for a loan.

Mr. BENNETT: I trust the hon. member will withdraw the amendment which in terms is a section that appears in the British Moneylenders Act, adapted to our present conditions. I am wholly in favour of it, but it would be rather anomalous to include it in the present bill and leave all those companies that have heretofore been incorporated not subject to its provisions. It would be difficult in a general bill to make such a provision without making a study of the various charters issued by this parliament, and in view of what I have suggested regarding the necessity for a general statute dealing with money lenders, I think it would be desirable not to press the amendment at this time. I make that suggestion in what I conceive to be the public interest.

Mr. COOTE: On the suggestion of the Prime Minister I am willing to withdraw the amendment unless I have some assurance that the committee would like to have it pressed. Personally I am willing to have it included in this bill although it may not be applicable to companies already incorporated. If we may expect at some future session—I trust at the next session, regardless of what government is in power—steps to be taken which will bring the general act up to date, I am prepared in the meantime to withdraw the amendment.

Mr. SPENCER: May I ask the Prime Minister whether it would be in order to insert in Bill 123, which will come before parliament this session, an amendment such as my hon friend from Macleod suggests?

Mr. BENNETT: As I intimated to the committee this afternoon, after having got the British Moneylenders Act and looked up the authority, which is a combination of names—a book has been published upon it and is in the library—I concluded that it would be undesirable to do it in that bill, because a general bill must be introduced at a not distant date embodying many other considerations than are in the measure now before the house. In fact, the Moneylenders Act of Great Britain covers several pages of statutes, and I think it undesirable to endeavour to deal with the matter piecemeal for the short time that remains before the whole question will be considered.

Mr. WOODSWORTH: Would it not be a good thing to refuse to grant more incorporations of this kind until that safeguarding legislation is introduced?

Mr. BENNETT: I think not, in view of the fact that there are other companies outstanding at the moment whose charters are valid. And the fact that there is competition in the market may ensure better conditions for those borrowing. Furthermore, with the restrictions that will be imposed by the statute I am about to ask the house to adopt, I think few of them will run the risk of losing their charter, which is the penalty involved for dereliction of duty with respect to the provisions of the law as it stands.

Amendment withdrawn.

Subsection 4 agreed to.

Section agreed to.

Sections 6 and 7 agreed to.

Bill reported.

PERSONAL FINANCE CORPORATION

The house in committee on Bill No. 43, to incorporate Personal Finance Corporation—Mr. Hackett—Mr. Stirling in the chair.

Sections 1 to 4 inclusive agreed to.

On section 5—Powers.

The CHAIRMAN (Mr. Stirling): Subparagraph (iii) of paragraph (b) is amended by the addition at the end of it of the following words:

And in neither such case shall the charge exceed the sum of five dollars.

Mr. COOTE: Will that make subparagraph (iii) identical with a similar provision in the bill which was passed just before this?

The CHAIRMAN (Mr. Stirling): So far as the additional words at the end of the sub-paragraph are concerned they are identical.

Mr. SPENCER: This bill is identical with the one we have just passed, only that it has a different title?

Mr. GUTHRIE: Yes.

Mr. BENNETT: There is no substantial difference.

Section as amended agreed to.

Sections 6 and 7 agreed to.

Bill reported.

DUPLATE SAFETY GLASS COMPANY OF CANADA, LIMITED

The house again in committee on Bill No. 12, respecting patents on certain inventions of which Duplate Safety Glass Company of Canada, Limited, is entitled to benefit—Mr. Lawson—Mr. Stirling in the chair.

Mr. BENNETT: I would ask that this bill stand.

Bill stands.

SECURITY NATIONAL INSURANCE COMPANY

The house in committee on Bill No. 117, to incorporate Security National Insurance Company—Mr. Lawson—Mr. Stirling in the chair.

On section 1—Incorporation.

The CHAIRMAN (Mr. Stirling): In clause I the word "dealer" has been substituted for the word "banker" in line nine.

Section as amended agreed to.

Sections 2 to 8 inclusive agreed to.

Bill reported, read the third time and passed.

DISCOUNT AND LOAN CORPORATION OF CANADA

The house in committee on Bill No. 58, to amend an act to incorporate the Discount and Loan Corporation of Canada—Mr. Sullivan—Mr. Stirling in the chair.

On section 1—Incorporation.

Mr. SULLIVAN: This company was incorporated last year and this year it came before parliament to have a certain amendment. When the bill came up for third reading it was referred back to the committee on banking and commerce. In that committee clause 2 was deleted and subparagraphs (ii) and (iii) of clause 3 were also deleted. We are now asking for clause 1, incorporation. The idea is to have in Quebec the right to have the name of the company officially translated into French. It would be "La Corporation de Prêts et d'Escomptes du Canada."

Mr. SPENCER: This bill came before the house and got first reading. After second reading, instead of going to the committee on banking and commerce it came into committee of the whole. For some reason, apparently in private members' hour no one was wise to what was in the bill; it was not challenged and it stood for third reading. It was merely by chance that it did not receive third reading on the night it went through committee. Owing to its being held for third reading a number of members, including myself, hearing of what was in the bill, criticized it when it came before the house for third reading. It was on this bill that the Prime Minister suggested that I withdraw the amendment I had made that there should be a limitation of thirteen per cent to cover all charges and that instead it should be referred to the committee on banking and commerce. The bill therefore went to that committee and it was found so objectionable that, on the recommendation largely of the superintendent of insurance and a majority of the members, it was reported by the committee with a large amount of it deleted. This only shows that it is very good policy for these bills to be sent to special committees where more detailed attention may be given to them. I would like to ask the mover of this bill where the head office is.

Mr. SULLIVAN: Montreal.

Mr. SPENCER: Has all the capital been obtained in Montreal or is it connected with some United States interest?

Mr. SULLIVAN: All the capital is paid up in Montreal, $250,000 all paid up.

Mr. SPENCER: Is it not connected at all with Chicago or New York?

Mr. SULLIVAN: Some money may come from New York. I do not suppose we have any objection to taking American money.

Mr. SPENCER: Could the hon. member inform the committee what percentage of it comes from the United States?

Mr. SULLIVAN: It is their own money; they may get some from New York,—I cannot tell how much they get from the United States. They are all pretty well to do people.

Mr. SPENCER: To what extent is this company or the parent company doing business in the United States?

Mr. SULLIVAN: I cannot say what proportion. I know that in the United States they are a very large company, the largest of its kind in the United States. But they may have subscribed to this company, what amount I do not know. All I know is that the capital of this company is $250,000 fully paid up.

Mr. SPENCER: Is it true that the representative of the company attending the banking and commerce committee came from the United States headquarters?

Mr. SULLIVAN: Yes, he came from New York.

Mr. SPENCER: So that there is a very close relationship between the United States corporation and this company?

Mr. SULLIVAN: There is.

Mr. SPENCER: What would that relationship be?

Mr. SULLIVAN: I presume that these people are always ready to lend money, because they are not making much money. They will never be broke, and they will always be in a position to reimburse, to pay any debt they may owe.

Mr. SPENCER: The hon. member says they are not making much money, yet they will always be in a position—

Mr. SULLIVAN: To pay.

Mr. SPENCER: —to make up any deficiency. Could the hon. member give some idea of the relationship? Are there so many common directors?

Mr. SULLIVAN: All the directors are Canadians, every one.

Mr. SPENCER: Are any of the Canadian directors also on the United States board?

Mr. SULLIVAN: No.

Mr. SPENCER: None at all?

Mr. SULLIVAN: No, none at all. All the directors are Canadians; all the shareholders are Canadians. It is a Canadian company doing business in Canada, with its head office in Montreal, and that is why we are asking to have a French name in the province of Quebec. We are bilingual.

Mr. SPENCER: I am not objecting to that, but I am drawing the attention of the committee to the fact that this bill very nearly slipped through the house on third reading, and because it did not but went to the banking and commerce committee—

Mr. SULLIVAN: It was pruned.

Mr. SPENCER: —it received rather severe treatment there. I remind the committee that we ran a close chance of having put through this house a bill that the banking and commerce committee decided to cut down considerably.

Section agreed to.

Mr. SULLIVAN: Clause 2 is struck out.

The CHAIRMAN (Mr. Stirling): Clause 2 has been struck out in committee.

On section 3—Loans.

Subsection (i) agreed to.

The CHAIRMAN (Mr. Stirling): Subsections (ii) and (iii) have been struck out in committee.

Section agreed to.

Bill reported.

Mr. SPEAKER: When shall said bills be read the third time?

Mr. BENNETT: The loan company bills, Nos. 15, 43 and 58, will stand for third reading until later this day or next sitting.

BUSINESS OF THE HOUSE

On the order:

Mr. BENNETT: If the house will permit I should now like to take the order, Bill No. 123, to amend the Loan Companies Act, because it is a bill in committee; we can give third reading to that and to the other bills that are now suspended.

Mr. COOTE: Would the Prime Minister be willing to let me proceed with Bill No. 122, a public bill?

Mr. BENNETT: The hon. gentleman is not serious?

INTEREST ACT AMENDMENT

Mr. G. G. COOTE (Macleod) moved the second reading of Bill No. 122, to amend the Interest Act.

Some hon. MEMBERS: Explain.

Mr. COOTE: This bill asks that no interest exceeding the rate or percentage of five per cent per annum shall be chargeable, payable or recoverable on the whole or any

part of the principal money advanced on or secured by mortgage of real estate hereafter made, advanced or executed; and that this section shall come into force on September 1, 1934.

The Interest Act as it now stands places no limitation whatsoever on the rate of interest which may be charged. That is left to agreement between the lender and the borrower. The Bank Act, however, does fix a limit of seven per cent which may be charged by any bank on a loan. Amendments to the act recently passed make this seven per cent clause effective, although it was not before. The bill I have introduced asks for a limitation on the rate of interest which may be charged on real estate mortgages. According to evidence given before the banking and commerce committee last year real estate mortgages on farms are estimated at $726,000,000 and urban mortgages are estimated at $765,000,000, making a total of $1,491,000,000.

I should like to deal first with farm mortgages. Last year the committee received a statement from the bureau of statistics to the effect that the rate of interest charged on all mortgages in Canada, rural and urban, would average 6.90 per cent. I think it is fair to estimate that the average rate on farm mortgages would be at least seven per cent. This would make the interest charge to be met by the farmers of Canada on their mortgages approximate the sum of $50,000,000. I think everyone will agree that this interest, if it is to be paid, must come from the production on these farms. Everyone knows that the farmers have been going through very difficult times for the last four years. From 1928 to 1932 the net revenue of the farms of Canada fell by 57 per cent; in other words the revenue in 1932 was only 43 per cent of the revenue in 1928. The costs of the farmer and the expenditures necessary to production were not reduced to anything like the same extent.

Mr. BENNETT: In some cases more.

Mr. COOTE: So really the farmer has been producing in most cases at a loss, and has had no margin whatever out of which to pay interest, though for the last four years the interest charges have been continuing. In 1932 the net agricultural revenue in Canada is estimated by the bureau of statistics at $600 per farm, out of which the farmer had to pay interest, taxes and other cash payments, and on the average there were six persons who had to get their living from each farm. The interest burden is becoming intolerable, and here is a very good example of what is going on. I have here an article from the Renfrew Mercury, repeated in the Ottawa Citizen:

> Not many weeks ago, not a hundred miles from Renfrew, an Ontario trust company sold a fine, well-cultivated farm which had come back on their hands, for less than $2 (two dollars) per acre. Why? There had been loaned upon the farm, on the security of a mortgage, an amount of several thousand dollars, but the mortgagor, the farmer who had owned the farm, could not meet the payments; the price of farm products was not sufficient to pay for wages, living expenses, mortgage interest and taxes. So the farm was sold for less than it would have brought nearly one hundred years ago.
>
> Something has happened to the farmer's dollar—it has shrunk in value, failed to keep pace with the fluctuations in prices of the things which the farmer has to pay for, for the farmer's currency is the products he grows or raises or manufactures ...
>
> It is too much to expect that the problems of Canadian agriculture are capable of being solved over-night—especially with Canada's present defective monetary system—but this much is certain, that the present fiscal policy of the Dominion is inimical to the best interests of agriculture and until the policy of exploiting the farmer for the benefit of the non-producer, of crushing down agriculture with a burden of invisible indirect taxation, and of taking away with the one hand any benefit extended to agriculture with the other, is abandoned, the "fair exchange value" will never be experienced by the Canadian farmer, and the return of prosperity to the nation will be deferred.

The burden of interest is felt very keenly by the farmer because, as I said before, it can only come out of the margin the farmer has over his costs of production. To-day, as for the past year or two, farmers are being urged to sign mortgages bearing rates of interest of seven per cent and eight per cent. I have personal knowledge of farmers who have paid eight per cent for twenty years and still owe the principal. Had they been charged only five per cent the other three per cent would have amortized the loan and the debt would have been retired by this time. I admit that some relief legislation has been introduced, but it is not in any way sufficient to deal with the existing situation.

Let me direct the attention of the house to legislation passed in Brazil on December 1, 1933. I am quoting from the monthly bulletin of the British chamber of commerce of Brazil, and this quotation is taken from one of the official journals:

> Whereas:—
>
> Agricultural production contributed almost the whole of the sacrifice demanded of the country for the purpose of national exchange defence measures;

owing to the crisis having become general, and all the products thereof have suffered a considerable reduction in value;

such reduction in value has placed almost all agriculturists—or, it may be said, national economy itself, since its foundations rest on agriculture—in a position of serious difficulty;

in such cases it is incumbent upon the public authority to act in the matter, taking the necessary steps for the defence of national interests intermingled with those of private individuals;

The head of the provisional government of the republic of the United States of Brazil, by virtue of the powers conferred on him by article 1 of decree No. 19,398 of November 11, 1930, decrees that:

Art. 1. As from the date of this decree, the amount of all debts of agriculturists contracted before 30th June, 1933, against real or pledged security, is hereby reduced by fifty per cent.

I should like to direct the attention of the house to that paragraph once more:

—the amount of all debts of agriculturists contracted before 30th June, 1933, against real or pledged security, is hereby reduced by fifty per cent.

In the next paragraph debts contracted after June 30, 1933, provided they constitute renewals of old debts, are also included under the provisions of the decree.

My time is almost up, but before sitting down I would say in regard to urban mortgages that the ability of the people to pay is fixed by the income they receive. To indicate the extent to which their ability to pay has been reduced may I point out that in 1929 the wages paid by the Canadian National railways amounted to $177,000,000 while in 1932 they dropped to $106,000,000, and that is a good indication of what has happened to the wages of our people generally.

Those two great classes of people, the farmers and the labouring people, are responsible for most of the interest which must be paid on real estate mortgages. Their ability to pay has in many cases almost completely disappeared, and I would urge the house to give consideration to this measure which asks that a limitation of five per cent be placed on real estate mortgages entered into after this time.

LOAN COMPANIES ACT AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister): Before you proceed, Mr. Speaker, with the unanimous consent of the house may I proceed with this short bill, because the bills that passed this evening are subject to this general act. I redrafted the section, and it has been circulated as reprinted. I think we could get rid of this rather quickly and then give third reading to the other bills, so that all the bills could go to the Senate.

The house resumed from Thursday, June 28, consideration in committee of Bill No. 123, to amend the Loan Companies Act—Mr. Bennett—Mr. Smoke in the chair.

Section 1 (amended section 110) agreed to.

On section 1 (amended section 111)—Forfeiture of charter of company imposing interest and charges exceeding fixed limit.

Mr. BENNETT: I move in amendment:

That the word "imposed" be deleted from the eighteenth line, and the word "disbursed" be substituted therefor.

I believe this makes the meaning a little clearer. Then, I move:

That after the word "two" in the twentieth line the words "and one-half" be inserted, so that it will read "two and one-half per centum."

And I have the following amendment promoted by the hon. members from Macleod (Mr. Coote) and Battle River (Mr. Spencer):

That the word "due" in the twentieth line be deleted, and the word "owing" substituted therefor.

Amendments agreed to.

Mr. JACOBS: Is the Prime Minister satisfied that there is no conflict of jurisdiction between the federal and the provincial powers with regard to the words "and other charges".

Mr. BENNETT: The hon. gentleman would be entirely right in questioning the procedure if we were endeavouring to interfere with a contract, but this parliament having granted a corporate existence and made the company into a corporate entity, has imposed a condition on the exercise of its powers. That comes directly within a judgment of the privy council, namely, that parliament in the exercise of its incorporating power may impose conditions on the exercise of that power. This is one of the conditions.

Section agreed to.

Bill reported, read the third time and passed.

PRIVATE BILLS

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, with the consent of the house I would now move that bills Nos. 15, 43 and 58, which stood for third reading this day, until Bill No. 123 was passed, be read a third time.

THIRD READINGS

Bill No. 15, to incorporate The Small Loan Company of Canada.—Mr. Geary.

Bill No. 43, to incorporate Personal Finance Corporation.—Mr. Hackett.

Bill No. 58, to amend an Act to incorporate the Discount and Loan Corporation of Canada.—Mr. Sullivan.

RAILWAYS AND SHIPPING

Hon. J. D. CHAPLIN (Lincoln) presented the fifth report of the select standing committee on railways and shipping as follows:

The select standing committee on railways and shipping owned, operated and controlled by the government begs leave to submit the following as a fifth report:

Your committee, in accordance with order of reference dated May 4, 1934, has considered the annual reports respecting the accounts of the Canadian National Railways and the Canadian Government Merchant Marine, and in connection therewith has examined the following witnesses;—

Hon. C. P. Fullerton, K.C., Chairman, Board of Trustees, Canadian National Railways.

Mr. F. K. Morrow, Trustee, Canadian National Railways.

Mr. J. E. Labelle, K.C., Trustee, Canadian National Railways.

Mr. S. J. Hungerford, President, Canadian National Railways.

Mr. S. W. Fairweather, Canadian National Railways.

Mr. V. I. Smart, Deputy Minister, Department of Railways and Canals.

Mr. B. J. Roberts, Comptroller, government guarantee branch, Department of Finance.

Mr. T. H. Cooper, Canadian National Railways.

Mr. O. A. Matthews, of Geo. A. Touche & Company, accountants and auditors.

Your committee recommends that in future the naming of the committee on railways and shipping be made as early in the session as possible, and that the railway management be requested to expedite the submission of their reports and estimates with the least delay after the close of the calendar year.

A copy of the proceedings and evidence taken is attached hereto.

All of which is respectfully submitted.

J. D. Chaplin,
Chairman.

DOMINION FRANCHISE ACT

ELECTORAL FRANCHISE—APPOINTMENT OF FRANCHISE COMMISSIONER—PRINTING VOTERS' LISTS

The house resumed consideration in committee of Bill No. 101, respecting the franchise of electors at elections of members of the House of Commons—Mr. Guthrie—Mr. Smoke in the chair.

[Mr. Bennett.]

On section 3, rule 9.

Mr. POWER: We asked that rule No. 9 on page 4 should stand until it was possible to draft an amendment to cover the question of residence of persons temporarily absent from their residences in so-called unemployment camps. Accordingly I move:

That after the word "and" in line 26 the following words be added "if there be any such place of residence or home either of himself or any member of his family to which he could return he shall, notwthstanding his presence in such unemployment camp, be registered at such place of residence or home, and moreover—

And so on.

Mr. GUTHRIE: I agree.

Amendment agreed to.

Rule 9 as amended agreed to.

On section 4, subsection 1, paragraph (xii).

Mr. POWER: The next section which stood was at page 5 of the bill paragraph (xii) dealing with Doukhobors. The hon. member for Yorkton (Mr. McPhee) had a word to say in this connection so I shall ask to have the paragraph stand.

On section 4, subsection 3.

Mr. POWER: I should like to move the following amendment:

That after the word "shall" in line 46 the following words be added, "subject to the provisions of rule 10 of schedule B of section 17 of this act."

Mr. GUTHRIE: I agree.

Amendment agreed to.

Subsection as amended agreed to.

Mr. POWER: I should explain that subsection 3 of section 4 provides that the franchise officer shall be the final arbiter as to disqualification and incapacity of any particular person. Rule 10 provides that in cases where the enumerator refuses to add a name to the list in a rural subdivision, if the person takes the oath and is accompanied by another person who vouches for him, the enumerator shall be obliged to accept that oath. This is proposed to carry out the intention of rule 10.

Mr. JACOBS: What is the position of the Doukhobors under this amendment?

Mr. POWER: I thought that stood for the moment.

Mr. McPHEE: Of all asinine sections to put in the bill, this is certainly one. I have some Doukhobors in my constituency and if one of these should happen to be the son of

a Doukhobor living in British Columbia, he would be disqualified notwithstanding the fact that he was a good citizen. These Doukhobors are as good citizens as any others in this country. On their behalf I resent this section.

Mr. MACKENZIE (Vancouver): I quite realize why this section was inserted; it was because of the troubles that have occurred in British Columbia through the refusal of certain citizens to observe the laws of the country. However, I want to go on record as being absolutely opposed to any sect or any religious community being singled out by name, as they are in this legislation, and disfranchised by the parliament of Canada. I am entirely opposed to the lawless practices of some members of this sect; I am absolutely in favour of law and order being observed, but it will be noted that in the statutes of British Columbia they are not mentioned by name. The minister will find that the provincial act of 1931 states:

—that every person exempted or entitled to claim exemption, or who on production of any certificate might have become or would now be entitled to claim exemption from military service by reason of certain orders in council, and every descendant of any such person, whether born in the province or elsewhere, shall be disqualified from voting.

I may be incorrectly informed, but my information is that certain Doukhobors in British Columbia served overseas with the Canadian forces. It will be noted that the next section in the British Columbia act includes Japanese who saw service overseas with the Canadian forces, and the same thing is done in the federal act. It seems to be exceedingly unfair to disfranchise the sons of Doukhobors or naturalized Doukhobors or even Doukhobors who served overseas. I think we are adopting the wrong principle when we are bound more or less by the terms of a provincial statute. I am opposed to any sect being disfranchised by name. If it is necessary to do so, I would rather see it done some other way. We grant certain privileges to other people who served overseas, so why should we not give it to these if there be any? The sons or grandsons of these people who are born in British Columbia may migrate to Yorkton or some other constituency, and they will be disfranchised. If these people refuse to obey our laws they should be punished, but I think disfranchisement is the wrong form of punishment. It is an invidious distinction. I hold no brief for these people as I think they deserved the punishment which the attorney general and the government of the day in British Columbia meted out to them, but I think it is a bad precedent for this parliament to follow. I sympathize with the troubles of the hon. member for West Kootenay (Mr. Esling), but this is the wrong principle to follow.

Mr. WOODSWORTH: I spoke in connection with this matter the other day. It is a bad principle to have a federal law dependent upon provincial laws. The Minister of Justice (Mr. Guthrie) will recognize at once that that is not a good way to pass federal legislation. In connection with this particular sect, probably only one out of twenty Doukhobors are members of the Sons of Freedom, who have been causing some trouble to the government. The rest of the Doukhobors are good citizens, as is shown by the report of the royal commission appointed some years ago by the British Columbia government This fact is known to those who are resident in Saskatchewan. This legislation is something new in the history of the country. It is directed not against a national group but against a religious group. It is a very serious thing. Apart from the fanatical outburst of a few of their number, the only thing against the group as a whole is the fact that they refuse to bear arms. The whole country was shocked a few months ago when certain individuals were refused citizenship in the United States because they refused to bear arms.

Mr. CHAPLIN: They also refuse to wear clothes.

Mr. WOODSWORTH: I am referring to certain individuals in the United States who were refused citizenship, one of them being a woman, another a Canadian of high standing. We all thought at that time that it was a serious thing when individuals were penalized and refused citizenship for no other reason than their conscientious objection to participation in military service.

I am sure that this section will involve all kinds of complications. There is a large number of Doukhobors resident in Saskatchewan; there is a smaller number in Alberta and quite a large group in British Columbia. There is an invidious distinction between those in Saskatchewan and Alberta and those in British Columbia. As the hon. member for Yorkton (Mr. McPhee) has pointed out, all sorts of complications will arise by these people passing from one province to the other. Only a few weeks ago I met an old friend of mine who is now a lawyer in Saskatoon. I have known him since his undergraduate days, almost twenty years ago. He is a Doukhobor who in his earlier days was given an education by the Quakers in

Pennsylvania. I am sorry to bring personal matters into this discussion but the matter is such a serious one that I think I am justified in doing so. The wife of my Doukhobor friend is the daughter of a former lecturer at Queen's university. If this prominent lawyer, who was a candidate in the recent Saskatchewan provincial elections, should migrate to British Columbia he would be disqualified, and his descendants, the children of the daughter of a former lecturer of Queen's, would also be disqualified.

An hon. MEMBER: Where was he born?

Mr. WOODSWORTH: He is I think Canadian born, and the only objection which could be taken to him would be on account of his parentage. This man has received a splendid education in the eastern states which he completed in Saskatchewan university where he was one of the popular students. He then took a course in law and has been practising in Saskatoon for a number of years. It is absurd that a man of that character and his children should be disfranchised. It is a wholly new doctrine. Not only is the individual discriminated against because of his religious beliefs but such discrimination extends to his descendants. Most of us have assumed that a man's religion is a matter of his own choice, and that if he wishes to do so he may repudiate the religion of his parents. But that is impossible under this law. The section enumerates certain classes who may not vote. Subsection (xii) reads:

> Every Doukhobor person in the province of British Columbia, and every descendant of any such person whether born in that province or elsewhere, who is by the law of that province disqualified from voting at an election of a member of the legislative assembly of that province.

It seems to me a most indefensible piece of legislation and one that is bound to cause very serious trouble. I think the minister would be well advised to withdraw it.

Mr. MACKENZIE KING: To begin with I do not think the minister has carried out the intention of the government in the way the section is worded. I recall that the Prime Minister, when discussing the franchise bill before, said that any disqualification respecting Doukhobors would apply only to Doukhobors voting in British Columbia. As this is worded, it would if he happened to be a descendant of British Columbia Doukhobors disqualify a Doukhobor in Saskatchewan or Alberta or any other province. The error is due to the transposition of a clause. In order to carry out the intention of the government it should read: "Every Doukhobor person in the province of British Columbia, and every descendant in the province of British Columbia of any such person. . . . . " That would correct the first error; as it is at present worded the provision is contrary to the government's intention as proposed. A further reading of the section would disclose that it carries with it the right of a Doukhobor born in British Columbia to vote in another province if he happens to go to another province.

Mr. GUTHRIE: No doubt about that.

Mr. MACKENZIE KING: I am pointing this out in regard to the drafting. Apart from that, on the principle involved I agree with other hon. gentlemen; I do not think that persons of any class or race should be disqualified on the score of their religious belief, and especially that one should not go back to the Old Testament times and seek to visit what we regard as the iniquities of fathers upon their descendants to the third and fourth generation.

Mr. GUTHRIE: The words suggested by my right hon. friend should be inserted. After the word "person", in line 31, there should be added the words "in the province of British Columbia".

Mr. MACKENZIE (Vancouver): Would it not be better, and would it not obtain the same result if you struck out the word "Doukhobor" altogether and also the words "and every descendant of every such person" so that it would read: "Every person in the province of British Columbia who is by the law of that province disqualified from voting", and so on.

Mr. GUTHRIE: That would disqualify a lot of other people besides Doukhobors. This is the law of British Columbia and we have adopted that law, and while it is true that in the British Columbia legislation the word "Doukhobor" is not used, I think we are more candid about it and have put it in. The idea of the section is that they shall not vote if they are not entitled to vote in British Columbia—not in any other province but only in British Columbia. To make that clear I move that the words "in the province of British Columbia" be inserted after the word "person" in line 31, as suggested by my right hon. friend.

Mr. MOTHERWELL: I will not be satisfied with any mere amendment to this section. I want to know whether we are going back to the days of the thumbscrew and the inquisition in matters of religion. Now that is not a dream. There are many of us who have

not much religion, and you find others with too much. It seems to me we require in Canada some with too much in order to preserve a half decent average. Here we are, supposedly a Christian community, making the franchise depend upon the religion of certain people. The Doukhobors are a distinctly religious sect, fanatical if you like. They take the ground, some of them, and at times, that they can worship the Creator better in a naked condition than clothed or partially clothed. Well, we sometimes run across other people with peculiarities in religious matters, but if they are genuine, is that a good ground for disfranchising them? How will that cure them? I will not say anything of a threatening nature, but I would not want anything better than this in an election to campaign with against the government. The government can leave it there if they like. There are other heinous provisoes connected with the franchise which appeared in the bill when it was first drafted, and when the proper time comes we shall not forget any of these attempts to disfranchise good citizens. As regards these Doukhobors, I say it would be a standing disgrace to Canada, as it would be to any Christian country, to pass this section. It is a fine example of reactionary Toryism when applied to the franchise with respect to certain people who have cast their lot in with us in Canada. I know something about the Doukhobors. We run across them as farm labourers on adjoining farms, and I know that they are as a whole a hard working, conscientious people, industrious, thrifty and, if you like, God-fearing. The hon. member for Yorkton has not exaggerated their many good qualities. I do not know how they vote and I do not care. A lot of them did not vote at all in the early days as a matter of principle, but that is not the point. Just imagine what is being done now in this day, when we seem to be developing a more active spiritual religion, a real live religion, stimulated by the Oxford group and other movements of that kind. While that is going on, within the shadow and even within this building, we have this government penalizing a religious sect and saying to them, "You cannot vote and be citizens of Canada so long as you hold such and such religious beliefs." It is no wonder the Minister of Justice is getting as red as a bubbly-jock. It shows there is some hope for him yet. He is getting white behind the gills and red in the wattles; that shows also there is some conscience left in him. I appeal to him now not to disgrace us all by committing this unseemly act. If it were only disgracing an already disgraced government it would not be so bad, but it will disgrace this whole parliament, the Senate as well, because they will be expected to swallow it. I wonder, is that the artist sitting in front of the minister, the artist who drafted this blooming act as well as the War-time Elections Act. If he is so artistic as to draft this bill he should be able to draft another one equally good and avert this political crime.

Mr. STANLEY: Be fair; the man cannot defend himself.

Mr. MOTHERWELL: Oh well, I will take on anyone either in parliament or out of it as far as that goes.

Mr. STANLEY: When he can't talk.

Mr. MOTHERWELL: The minister ought to be ashamed to have the draftsman of this act and of the War-time Elections Act sitting in the house before him, and trying to make out it was just a memorandum they gave the conference members on this side, when it was a full fledged act like any other.

Mr. McINTOSH: Deliberately drafted.

Mr. MOTHERWELL: Yes, and deliberately deceiving us into thinking it was only a memorandum. It was bad enough to draft the thing, but to come here and brazenly falsify it is a thousand times worse. The Doukhobors don't do anything like this anyhow; they are usually truthful. What they are they are, and they are not ashamed of it. But this government, hiding behind the draftsman, brings down this kind of legislation, this kind of heathen stuff, to push through parliament.

Mr. ESLING: Hon. members opposite need have no concern about any injustice to the Doukhobors. Had they had just a little experience with them, they would not be disposed to extend very much sympathy. For the past fourteen years prior to the last election there has never been a Doukhobor vote cast in British Columbia, although within the past fourteen years many Doukhobors born in Canada have been entitled to exercise the franchise. It was only at the last election that they ever were encouraged or signified any intention to vote. I assure hon. gentlemen opposite that could they have witnessed the scenes in West Kootenay at the last federal election they would all have been quite willing to have disfranchised this religious sect. There can be no sense of responsibility and no individualism in a member of any group in which the leader dictates and dominates the marking of the ballot. Just prior to the last election the Doukhobors in

British Columbia were called together by their leader, Peter Verigin; there they were instructed just how to mark their ballots and they marked them with all the precision and accuracy that any well trained and intelligent Canadian could use; indeed, more accurately, as was indicated by the fact that out of 248 ballots cast at one poll not a single ballot was spoiled and every one was marked accurately with a cross after the Liberal candidate's name.

Mr. YOUNG: Is that why they are being disfranchised, because they voted Liberal?

Mr. ESLING: No. To those who may be disposed to think that this may be a political advantage, we will admit it is a political advantage and a very pronounced one, but it is a political advantage to every candidate regardless of what party he may be affiliated with. There is no individualism in permitting a leader or one man practically to vote for any one group. There are 4,500 Doukhobors in West Kootenay and there are 1,000 more in the adjoining federal district of Yale. Of the 4,500 in West Kootenay, about 2,000 have the franchise and they could very well have exercised it at the last election had there not been an endeavour to prevent them. In other words some registrars did not make a return of their lists to the returning officers. Those lists came to light just at the last day.

Let me say just this to satisfy my hon. friends opposite: the Doukhobors came here in 1898 under an order in council passed in 1896. They were given large tracts of land; they were otherwise bonused or provided with implements and with some money and they went upon the land. We heard very little of them for a while until they moved to West Kootenay some twenty odd years ago. They have absolutely no regard for Canadian law. They will not admit of any provincial law. They will not register births, deaths or marriages. There is not anybody who can challenge a Doukhobor and tell who he is and what is his age. More than that, they have just exercised their own inclinations by the burning of schools; they did not want their children to go to school and their action in that regard in the last few years has resulted in the burning of some thirty-five schools in British Columbia. The situation became so tense in the federal district of Yale that the people there had to guard the schools with floodlights. Then the Doukhobors had their nude parades which cost British Columbia some $50,000 for keeping those Doukhobors at Okalla and they have cost the federal government many thousands of dollars for the creation of this penitentiary at the coast.

One specific agreement under the order in council states that the Doukhobors should be exempt from military service and that is their greatest and keenest desire. Let me assure hon. gentlemen opposite, regardless of what they say, the Doukhobors do not want the vote. Just about two weeks ago they had a mass meeting and strange as this may seem to hon. gentlemen opposite, that body of Doukhobors passed resolutions at their mass meeting presided over by their leader, Peter Verigin, extending the most grateful acknowledgment to this government for having indicated that it would disfranchise them at the federal election. They simply took the ground that this disqualification confirmed the agreement under the order in council made in 1896 which exempted them from military service, and that is precisely what they wanted.

Further, after that mass meeting the younger element of Doukhobors, a society known as the Doukhobors Youths, gathered at a public meeting within the past ten days and recorded resolutions again thanking this federal government for having disqualified them, and this was done simply on the ground that the government's action confirmed the terms of the order in council exempting them from military service.

Mr. JACOBS: May I ask my hon. friend this question: This government has not disqualified them yet. Were they not a little too soon with their resolutions?

Mr. ESLING: I know that, but the press reports to that effect were out nearly a month ago.

Mr. JACOBS: They relied upon press reports. I would ask my hon. friend this further question: How is disfranchisement going to help the situation? Will they wear clothes if they are disfranchised?

Mr. ESLING: I hope they will when the hon. member for Cartier comes to British Columbia.

Mr. NEILL: The tale told by the hon. member for West Kootenay (Mr. Esling) has not that sickly sentimental flavour that some of the speeches we have heard to-night have had, but it happens to be true. This is not a question of religion; it is one of behaviour, which is quite a different matter. An attempt has been made to show that these Doukhobors

are a downtrodden, God-fearing people. It is not part of their religion to go without clothes; that is not why they take their clothes off. They do this to show their displeasure when they are asked to obey the laws of the land; they stage these nude parades in order to show their displeasure.

Mr. JACOBS: They want to tell the naked truth.

Mr. NEILL: It is easy to trot out one particular case. My hon. friend beside me (Mr. Woodsworth) talks of an isolated case of a professor, but they are not all professors. The hon. member for West Kootenay talked about their burning schools and I think he mentioned thirty-five schools, but he did not tell of the Doukhobors bombing a school when a poor young white woman teacher was in it. The teachers had to be taken from the schools because their nerves gave way. The hon. member did not tell the committee of the time that a train was bombed and their leader and a member of the legislature were killed. He did not tell of the Canadian Pacific having to spend enormous sums in guarding railway bridges because the Doukhobors had a playful habit of blowing them up too. That does not sound so God-fearing if you put the matter in that light.

There is one point I should like to speak about, and that is the remark of the hon. member for Winnipeg North Centre (Mr. Woodsworth) when he said that it was outrageous or unbelievable or something like that, that the federal franchise should be dominated by or from the provincial legislature. That is exactly what we are bound to do, to follow the provincial law in that regard. The question was brought up some years ago in connection with the admission of Hindus. My hon. friend to my right was very enthusiastic on behalf of them, I remember. I heard the Right Hon. Mr. Meighen, then leader of the opposition, most emphatically lay down that principle, and I rather think the right hon. leader of the opposition to-day spoke along the same lines, but he is here to contradict me if I am wrong. At any rate I know that Mr. Meighen laid it down as an accepted axiom of constitutional law under the British North America Act that we in this parliament were bound to follow the inhibitions or any other restrictions made by the provinces.

Mr. MACKENZIE KING: I may be strong on the constitution but I never said that.

Mr. NEILL: I naturally associate the word "constitution" with the right hon. leader of the opposition. I do not think he will say that he did not support the idea that we ought to follow the provincial legislatures in their franchise.

Mr. MACKENZIE KING: No, I do not think I ever agreed to anything of the kind.

Mr. NEILL: Then I will take it back; he ought to know what he said. But I remember distinctly—Mr. Meighen is not here to contradict me—I know I quoted him in contradiction to my hon. friend here, who would not let a chance like that slip.

Mr. JACOBS: My recollection is the same as that of my leader.

Mr. NEILL: You see the extreme partisanship. He only thinks the same as his leader. Mr. Meighen said it—and even if I am deprived of Mr. Meighen's backing I can point to history: we have always done that, always followed any inhibition that the provinces created in regard to the franchise.

Mr. WOODSWORTH: May I ask my hon. friend if that is true in regard to the disfranchisement of women in the province of Quebec? They have a vote in the federal not in the provincial elections.

Mr. LAPOINTE: And we are in favour of their having a vote here.

Mr. NEILL: The question came up the last time this Franchise Act was put through, in 1924 I think; the same question was raised in connection with the Japanese voting in British Columbia, and it was decided under the leadership of my right hon. friend the leader of the opposition, at any rate he did carry into our franchise the inhibition against orientals that existed in British Columbia. That is what I am saying to-day, that the province has the right to say what their own franchise shall be. The matter was taken to the privy council on one occasion in connection with a Japanese called Yatagama or some such name.

Mr. MACKENZIE KING: Has the amendment that the Minister of Justice (Mr. Guthrie) moved been carried?

Mr. GUTHRIE: The insertion of the words "in the province of British Columbia" in line 31 after the word "person" is the amendment.

Mr. JACOBS: If I am in order I would move that paragraph (xii) be struck out of the bill.

Mr. WOODSWORTH: I should very much like to second that motion. I am going to take the opportunity of making some further comments in regard to this little-understood sect. I have personally known them since they were brought here under the late Sir Clifford Sifton who was then Minister of the Interior. They were granted at that time certain privileges, among others that of living in communities and of exemption from military service. When Sir Clifford Sifton was superseded by Hon. Frank Oliver there was a change of policy on the part of the department; they insisted that the Doukhobors should take up individual homesteads and swear allegiance, which was contrary to their rather peculiar ideas. So they gave up lands which some have valued at $10,000,000, a great many of them subsequently going on small farms for themselves, breaking with the parent community. A number of the members of the community proper then migrated to British Columbia, and established a community at the junction of the Kootenay and Columbia rivers. Undoubtedly, as I remember the late president of the university of British Columbia saying to me, they have managed to accomplish through their cooperative efforts in that rather rough country what the ordinary individual settler had been unable to do. Anyone who visits their community there and inspected their jam factories and logging operations and so on cannot but recognize that at least from a material standpoint they have made good. Certain of the merchants in the town of Nelson several years ago set up an agitation against them because they were buying by wholesale rather than from the retail stores. A commission was appointed by the British Columbia government to investigate the whole situation. Had I known this matter would come up I would have had the volume here to quote from the report of the commission, but I remember it very distinctly. The report of that commission stated that there was no crime whatever among them, that they were good citizens in every respect, but according to their religious ideas they would not participate in the ordinary affairs of government. That was a number of years ago.

From the first there have been in that community, I quite frankly admit, a certain number of people who have been fanatical. Personally I am inclined to think that some of them are a little crazy—

An hon. MEMBER: They are not alone.

Mr. WOODSWORTH: —and they have fantastic ideas. It was this particular group that caused trouble when they went to Winnipeg some years ago, having abandoned their homes and implements and so on. They had to be returned. Every once in a while this fanaticism breaks out. There are to-day three distinct groups. I should say that while about eight or nine thousand Doukhobors came to the country forty years ago there must be nearly twenty thousand in Canada to-day. There are three groups; first the community Doukhobors proper under the jurisdiction of Peter Verigin; second the non-community Doukhobors who have broken with the colony and who have individual farms and homesteads. Most of those in Saskatchewan now are non-community Doukhobors, descendants of the original immigrants who have gone off on their own and are in every respect Canadian citizens. Then, third, there is this little fanatical group called the Sons of Freedom. That is the group that has caused the greater part of the trouble in British Columbia and also whenever there have been outbreaks in Saskatchewan. They refused to obey even Peter Verigin—and perhaps I may say that although the first Peter Verigin was an able man I believe the present man is not a very desirable type of citizen. Nevertheless he was regarded as the religious head, and his followers gave him their allegiance.

Reference has been made to some acts of terrorists. Someone bombed a train; Peter Verigin was on that train and was killed. It has never been established who bombed the train. The Doukhobors themselves are inclined to blame the Sons of Freedom. I talked to the engine driver on the train concerned, and he told me he believed it was a prospector, who had some dynamite aboard and who was also killed at the time. He did not think the Doukhobors were guilty of the outrage. I do not know.

Then we find that in British Columbia a number of schools were burned. The people who follow Peter Verigin, the community Doukhobors, believe it was done by these Sons of Freedom, and they were so much afraid of the Sons of Freedom that they called in the mounted police and the government officials to protect them against this small fanatical sect. I could show that by reference to the Nelson News, in which a good many documents were published a few years ago. So that although a certain number of Doukhobors were presumably guilty of outrages, it was never proved in any court but it was believed by the Doukhobors themselves that it was the Sons of Freedom who were guilty, and certainly it is the so-called Sons of Freedom who have given the government such trouble. But my point to-night is that

it is not fair, when perhaps not more than one out of twenty belongs to the Sons of Freedom, to penalize the other nineteen-twentieths of the Doukhobors in this country.

Mr. JACOBS: And their descendants.

Mr. WOODSWORTH: And their descendants. The statement is made that they do not want their children to go to school. That was true a great many years ago. That is still true of the Sons of Freedom; it is not true of the great majority of the Doukhobor people. For years I have been closely in touch with those people in Saskatchewan. Some years ago I had occasion, while working under a government bureau, to make a rather careful analysis of the situation existing among the non-English speaking peoples, and I found the great part of the Doukhobors in Saskatchewan attending school in the districts in which they lived. There is no trouble there. Two years ago I took occasion to revisit the community near Nelson, British Columbia. I visited four or five schools and talked with the teachers. One of the teachers was a young Doukhobor woman; the other three were Canadian born girls. I asked one of the teachers who had been there for six or eight or ten years, "Do you see anything of these parades?" She said, "In all the years I have been here I have never seen a nude Doukhobor." I asked, "What about the education of the children?" She said, "Practically all the children in this district are now attending public school, and a finer class of children you would not see anywhere." I saw them in their classes; I saw them out on the playing fields, and they were a fine type of children. They came from the neighbouring districts to attend these schools.

I think it is absurd that the newspapers, with the idea of getting some picturesque stories, should have played up these nude parades to such an extent that it has given the Canadian public the idea that the great majority of the people are fanatics. That is not true. I quite admit that it is true of a certain sect, but that is just my point. Penalize the people who refuse to obey our laws, if you like; that is right, but do not penalize merely because of religious ideas. It very well may be that the present Peter Verigin may want to keep his people from exercising the franchise. I can quite understand that. As someone has said, he is a little dictator, but why should we heed the behests of Peter Verigin? I submit that among the younger people especially there is a decided move to participate in the life of the Canadian people which should be encouraged. If we do encourage that move it will be only a few years until these troubles will have passed away with the older generation. If, however, we keep them isolated and refuse to grant them citizenship with the rest of us undoubtedly there will be trouble all along the line.

It has been stated that one individual taught them how to vote; apparently the shoe is pinching because he taught them to vote Liberal instead of Conservative. I think it is absurd that these people should be disfranchised merely because they are told by one of their spiritual leaders how to vote. If the newspapers are right, in the last Ontario election some of the clergy told the people of Ontario that they should vote Liberal.

Mr. McINTOSH: They did not need to be told; they knew enough.

Mr. WOODSWORTH: But that does not alter the fact that they were told. It would not be the first time that religious leaders have instructed their people how to vote. It is not the course of wisdom to play into the hands, if I may use that expression, of the one dictator we have there, Peter Verigin. I hope the amendment moved by the hon. member for Jacques Cartier (Mr. Jacobs) will be accepted. The only possible justification for legislation of this kind would be if it were confined very strictly to the people who have broken the criminal laws of this country. I do want to plead very strongly for this section of our community, and I wish to protest against certain religious tenets being made the basis for disfranchisement.

Mr. STIRLING: The hon. member for Winnipeg North Centre (Mr. Woodsworth) has given the committee the benefit of a most specious piece of special pleading. He has stated that he has been well acquainted with these people ever since they reached Canada. I very much regret that, according to my experience with them, his acquaintanceship with the Doukhobors has not benefited them. The hon. member for West Kootenay (Mr. Esling) has recounted some of the behaviour of the Doukhobors in his constituency at the time of the 1930 election; may I, in a very few moments, carry the chapter one page further.

Five days before the general election of 1930 Peter Verigin arrived in the town of Grand Forks. The Doukhobors had not been placed on the voters' lists; they had not asked to be placed on the lists, neither had the enumer-

ators asked them if they desired to be on the lists. Peter Verigin instructed them to swear themselves on the lists on the day of the poll, and they flocked to the polling places for that purpose. They came in such numbers that by the time the poll was closed by no means all had succeeded in swearing themselves on the lists, for to a large extent the men resembled each other like two peas, and the women were so much alike that it was necessary to challenge each one in the attempt at least to record the name of the individual. They voted. I have not the clear evidence of how they voted that the hon. member for West Kootenay has in regard to one certain poll, but I have this very fair inference, that in the polling divisions concerned my majority was reduced to a certain extent at each poll. Therefore it follows, to my satisfaction at least, that the Doukhobors voted Liberal en bloc. That has nothing whatever to do with the case before us, except that if they voted en bloc in one direction, there is no reason why they should not vote en bloc in another direction at another time, and personally I do not consider that the franchise in Canada should be so exercised.

There is one other incident to which I should like to direct the attention of the committee; I refer to the happenings on the hills above Grand Forks, where the Doukhobors live, at the time an attempt was made to take the census. The hon. member for Winnipeg North Centre describes these people as virtuous, as having children who make good scholars and as a happy, contented, industrious people. When the census officer went to their community he endeavoured to obtain the information that was required. They are a people, as the committee already has been informed, who have always snapped their fingers at provincial statutes such as the vital statistics act. There is no record of when they were born or where they were born. They refused to give the information; three attempts were made on three successive days to secure the information required for the census. At last a solicitor employed by the census bureau accompanied the enumerators to endeavour to explain to these people that no harm would come from filling out these forms so that the statistics of Canada might be complete. I am sorry to say that an attempt was made to take the clothes off the solicitor. I must draw the attention of the hon. member for Winnipeg North Centre to the fact that the leaders of those unruly proceedings were two girls who had been through high school.

[Mr. Stirling.]

Let me recount one further incident. In the summer of 1931 or perhaps of 1932, the citizens of Grand Forks, utterly weary of the difficulties they had experienced in watching their schools, in flood-lighting them, in endeavouring to protect their water intake in the river and so on, called a meeting of their prominent citizens, to which the provincial member and myself were asked to come. It was a meeting of the city council, the board of trade, representatives of the church and representatives of the various social organizations of that little town, and we heard what they had to say with regard to the Doukhobors. I should like certain hon. members who are advancing contrary views to have been present on that occasion and to have seen a side of the picture exactly opposite to that described by the hon. member for Winnipeg North Centre and several other hon. members. The farmers on the outskirts of Grand Forks whose farms lie on the borders of the Doukhobor community not only suffer from fright but suffer from actual danger to life and limb. The Doukhobors behave with disgusting indecency in front of their farms. The children and the growing up young men and women cannot comport themselves in reasonable freedom because of the danger of molestation from the Doukhobors who certainly do not regard clothes as an absolute necessity.

I was very much surprised to hear the hon. member for Vancouver Centre (Mr. Mackenzie) make the statement—if I understood him correctly—that some of the Doukhobors in that area had seen military service.

Mr. MACKENZIE (Vancouver): I was informed that was the case, but I did not know.

Mr. STIRLING: I wonder if the hon. member could produce proof of the statement, because I think it would be read in southern British Columbia with great astonishment. I have lived in the neighbourhood for ten years. I make an annual visit into that country and endeavour to inform myself as to the circumstances. While on any of my visits I have never heard the statement made by the hon. member.

It has been suggested that the Sons of Freedom are the bad actors. I should like to draw the attention of hon. members to the fact that the people who endeavoured to take the clothes off the young lawyer were certainly not calling themselves Sons of Freedom, and if you endeavoured to find out just who the Sons of Freedom are or who are the free Doukhobors, you would find it impossible to draw any distinction between the Sons of Freedom and any of the rest of them.

Mr. NEILL: I should like to check up on the remark that I made a moment ago. I now have Hansard before me, and after consulting it I must apologize to the right hon. leader of the opposition. The allusion was not to him, but to Sir Wilfrid Laurier. At page 4647 of Hansard for 1923 I spoke as follows:

It is a British Columbia problem for this reason: the franchise invariably originates in the province. It is entirely a provincial matter. I would quote Sir Wilfrid Laurier who in 1917 laid down in most emphatic language in paragraph after paragraph that the true basis of our dominion franchise under the British North America Act is the provincial franchise. He used the word "originates." The franchise originates in the province and then has to be translated into the dominion act. The right hon. leader of the opposition,—

That was Mr. Meighen.

—last year is on record in Hansard to substantially the same effect. He said that where prohibitions existed in the provincial franchise we carried them into the dominion franchise, and if that is correct, and here we have two of the ablest men of our time on this subject, then the thing for us to do is to take this subject up in British Columbia and deal with it there, and the province of British Columbia would know how to deal with such a subject in the best interests of Canada as well as the best interests of the province.

Mr. MACKENZIE KING: I think my hon. friend should mention the fact that at the time Sir Wilfrid Laurier made that statement the dominion lists were based on the provincial lists. That is not the case to-day.

I have only one further observation to make. I do not wish to delay the committee, but I still think that in its present form the clause is ambiguous, and might carry the same meaning as it did originally. I suggest the proper transposition would be to begin the clause with the words, "In the province of British Columbia" and thus obviate ambiguity. The clause would read:

In the province of British Columbia every Doukhobor person and every descendant of any such person, whether born in that province or elsewhere,—

And so on. It now reads:

Every Doukhobor person in the province of British Columbia, and every descendant of any such person, whether born in that province or elsewhere—

And so on. I suggest that change should be made.

Mr. MOTHERWELL: The criticism some of my remarks incited render it necessary for me to make some further observations. I happened to be a member of the first Saskatchewan government, and one of our first duties after taking office in 1905 was to deal with some of these Doukhobor parades. I remember them distinctly. There was no resentment against authority at that time; the parades were part of their religious rites and performances. I do not know what later developments were; it may be that in later years it developed into an action of resentment, as the hon. member for Comox-Alberni (Mr. Neill) has said. I can say, however, that in earlier years it was an act of worship towards God. We found in the administration of justice through the department of the attorney general that a great deal could be done by tempering justice with mercy, and fair dealing with kindness. The history of the world indicates that if you undertake to persecute a people for their religious beliefs, no matter how absurd you may think they are, you will just make them more determined, and bring the very worst out of them. As a matter of fact, was not the Christian church disseminated all over the world by persecution? I ask you that. The blood of the martyrs was said to be the seed of the church. The point is that in this instance we may not confine such action to the Doukhobors, because if we set our hand towards establishing this kind of precedent, we do not know who or what people will bring down the wrath of the Tory government next.

I do not know how many hon. members can recall the advent of the Salvation Army into Canada. In those days I was attending school in the old town of Perth. The Army did things which appeared strange to us, and were garbed much the same as to-day They beat their tom-toms just the same, and they sang just the same. They assembled in front of the hotel doors just the same and offered up prayers for the guests, and they had pitchers of water thrown on them from upper windows as a kind of reception or collection. That was the only collection they got in those days of nearly sixty years ago. When we look back to those days we have no cause to be proud of ourselves. To-day the Salvation Army is one of the most respected religious bodies in the world. But, because they were different from the rest of us, we seemed to think that hating them would count as righteousness into us. Civilization based on hating some one or some thing is not on a good foundation; yet that was our attitude towards the Salvation Army. I was born a severe hater of everything that was French and everything that was Catholic. Anything I can do to rectify that mistake, that terrible mistake of my early training, I shall do for the rest of my life. I was wrong; absolutely wrong. And towards men and women who worship at the same

shrine as we do, and who worship the same Godhead as we do, how dare we take this attitude of persecution? That is all I have to say. I am in favour of the amendment to throw this section out of the bill higher than a kite.

Mr. MITCHELL: I feel I should make some observations, because if there were a vote I should feel I must vote in a certain way. I believe cooperation with a government is an elementary principle of civilization. Where would our institutions be if that were not the case? I am a great believer in freedom and in the rights of the individual, but I wonder where the country would be if all the different racial groups refused to cooperate. I think this question transcends the liberty of the individual. If the French, the English, the Irish, the Scotch, the Welsh, the Ukrainians and others all failed to cooperate in enforcing the laws of this country, where would we be? The first obligation of any individual is to cooperate with the state. I think that is elementary in the building up of our democratic institutions.

Mr. IRVINE: I have only one word to say, but if this is going to a vote I want to show why I am voting the way I intend to vote. To a great extent I agree with what the previous speaker (Mr. Mitchell) has said. I think that those who refuse to recognize our institutions and abide by the laws of our country have no right to the franchise, but, on the other hand, we have some responsibility to these people. We may be forty years too late in discussing this problem. I should say that the proper way to deal with this matter is not to impose political persecution in a statute but to get these people out of the country if they refuse to obey our laws. We cannot afford to allow the great seal of Canada to be placed on a statute of persecution.

Amendment negatived on division.

Mr. MACKENZIE KING: Is the minister agreeing to the amendment to put the name of the province first?

Mr. GUTHRIE: I do not agree with that. If you read down the whole section you will see it states every person, every Indian, every Doukhobor. I think it means the same if I put in the words "in the province."

Mr. MACKENZIE KING: I do not want to be meticulous but I think it should be made perfectly clear that the section relates only to the province of British Columbia.

Mr. GUTHRIE: We could make it read, "in the province of British Columbia, every Doukhobor person and every descendant of any such person."

Amendment agreed to.

Paragraph (xii) as amended agreed to.

Mr. DUPUIS: We are dealing with the liberty of citizens of this country. Even if the citizens described here by their racial name voted Tory in the last elections I would be in favour of allowing them to continue to have their rights. Are we going to allow this government—

The CHAIRMAN (Mr. Smoke): I would call the attention of the hon. member to the fact that the section was carried.

Mr. MACKENZIE KING: The section was carried before.

Mr. DUPUIS: I ask the consent of the committee to revert again to that section.

Some hon. MEMBERS: No.

Mr. DUPUIS: I want to voice my protest against the disfranchisement of these people.

On section 5, subsection 3—Appointment, tenure of office and rank of commissioner.

Mr. POWER: I have not prepared an amendment to this subsection but I suggested to the minister that it might be necessary to make some modification. We want to know what the commissioner is to be paid and what pension provisions are to be made. If the minister is not prepared to give us this information, I can go on to another amendment.

Mr. GUTHRIE: I do not know what the salary is as yet.

Subsection 3 stands.

On section 17, subsection 3 (b)—Enumerators.

Mr. POWER: This paragraph deals with the appointment of enumerators by candidates of political parties.

Mr. GUTHRIE: If the hon. member will read his amendment I think I can accept it.

Mr. POWER: As no argument seems to be necessary I shall proceed to read my amendment. I move:

That section 17, subsection 3, be amended by striking therefrom clause (b) thereof and substituting therefor the following:—

"(b) Within five days after the registrar shall have published the proclamation men-

tioned in section fourteen of this act the candidate who at the then last preceding election in an electoral district, as then by law bounded (and hereunder termed the former electoral district) part or all of which is embraced in or identical with the registrar's electoral district, received the highest number of votes in such former electoral district, and the candidate who representing at that election a different and opposed political interest, received the next highest number of votes, may, each, by himself or by a representative, nominate a fit and proper person or fit and proper persons for appointment as enumerators in any or all of the polling divisions (or parts of polling divisions) in the registrar's electoral district (if it is identical with such former electoral district), and, if it is not so identical, then in such part of the registrar's electoral district as is identical with the part or whole of such former electoral district embraced therein, and, subject to the provisions of this section, the registrar shall appoint such persons to be enumerators of the polling divisions or parts thereof for which they have been nominated."

Amendment agreed to.

On paragraph (d).

Mr. GUTHRIE: The next paragraph will have to be amended.

Mr. POWER: In connection with this paragraph I move to strike out all the words after "possible" in the twenty-second line and to the word "or" in the twenty-fourth line. The following words should be struck out, "or if the electoral district, as bounded and described by law, is new, and no election has ever been held in it".

Amendment agreed to.

Subsection 3 as amended agreed to.

On rule 15.

Mr. POWER: I think the amendment to this rule has been handed to the minister. If he will move it, I shall be satisfied.

Mr. GUTHRIE: The amendment my hon. friend has in mind is that rule 15 shall be amended by striking out the words:

"or that the amendment thereof which he requests should be made, he shall certify accordingly by signing the appropriate certificate on the stub of the application, which he shall forthwith detach and deliver to the applicant."

All that is struck out and the following is substituted therefor:

He shall in the presence of the applicant enter his name upon the list.

Mr. POWER: That passes 13.

On rule 16.

Mr. GUTHRIE: A further amendment will be necessary to rule 16. In line 31 the word "openly" should be struck out and after the word "applicant" there should be inserted the words "in writing"—he shall notify the applicant in writing.

Mr. POWER: That passes 13, 14, 15 and 16.

Mr. DUPUIS: Do I understand that now a third party will not have the right to ask the revising officer to put an elector's name on the list? It will be necessary that the elector himself register his name?

Mr. GUTHRIE: Or his agent.

Amendment agreed to.

Rule 16 agreed to.

Rule 15 agreed to.

On section 21—Notice of revision.

Mr. POWER: An amendment has been prepared by the draftsman in connection with subsection 6 of section 21.

Mr. GUTHRIE: The amendment is to add at the end of section 21 the following:

In the case of a new electoral district wherein, as that electoral district is by law newly described, no election has ever been held, the registrar shall mail or deliver ten additional copies of the notice to each person who was at the last dominion election held in any electoral district any part whereof is embraced within such new electoral district, a candidate for election and shall request that person to mail or deliver such additional copies to such other person or persons in such new electoral district as in the judgment of such first-named person ought to receive them.

It is to provide for the case of electoral districts newly created and which formed parts of former districts. The object is that in the new district copies of the list shall be distributed to the new candidate.

Amendment agreed to.

Section as amended agreed to.

On section 27—Application for registration prior to sittings.

Mr. POWER: I have recast this section to provide for the mailing and posting up of notices of applications which have been made to the registrar, and I will read it. I move that section 27 be struck out and the following substituted therefor:

"Any elector may at any time during the month of April in any year file with the registrar of electors of the electoral district whereof the polling division in which such elector resides is situate a signed application in Form No. 28 to be added to the existing lists in such polling division. The registrar shall post up in his office the name of every

such applicant as such and keep it posted up for at least two weeks, and mail it to, and cause it be be posted up for at least two weeks in, a post office within the polling subdivision in which the applicant resides, or, if there is no post office therein, then in the post office nearest thereto;

(2) Every postmaster shall, forthwith, after receipt from such registrar of such name for posting, post it up in some conspicuous place in his office to which the public has access and maintain it posted there for not less than two weeks, and failure to do so shall be ground for his dismissal from office, and for the purposes of this provision such postmaster shall be deemed to be a franchise officer and shall be liable as such.

(3) Thereafter, if the registrar has no cause to doubt the bona fide character of the application he shall add the name of the applicant to the list of electors of the polling division in which he resides. If, however, the registrar doubts the bona fide character of the application he shall notify the applicant to appear before a sitting of the court of revision where his application will be heard and dealt with pursuant to paragraph (c) of the next following section of this act.

Mr. GUTHRIE: I agree.

Amendment agreed to.

Section as amended agreed to.

On section 28—Procedure and action of registrars and revisal courts.

Mr. POWER: I had made some objection to section 28, paragraph (i), but on further explanation from the draftsman I am prepared to accept it.

Mr. GUTHRIE: I understood that (a) and (b) of section 28 stood.

Mr. POWER: I am satisfied, and (i) is also satisfactory.

Section agreed to.

On section 30—Transfer of name from one list to another.

Mr. POWER: This section stood for a small amendment. In line 43 I move that the words "general registration of electors or" be struck out.

Amendment agreed to.

Section as amended agreed to.

On section 31—Certification.

Mr. POWER: This section stood in order to strike out in line 17 the words "the original" and in line 18 the words "signed applications for registration of electors." I think the words "received by him" should also go out. The words struck from this clause then would be:

The original signed applications for registration of electors received by him.

[Mr. Power.]

Mr. GUTHRIE: I think the words "received by him" might stay in, because there follows:

And all other lists and documents had by him in connection with the revision.

Mr. POWER: This is the first time the words "received by him" occur. With the words I have mentioned struck out, it will read:

The certified original list and all other lists and documents had by him in connection with the revision.

Mr. GUTHRIE: All right. Strike out also the words "received by him."

Amendment agreed to.

Section as amended agreed to.

On section 32—Right of appeal.

Mr. POWER: This clause covers the right of appeal to a judge. I did propose to have it stand and to draft an amendment making it quite clear that a third party could have an appeal. I am not convinced that this is permissible under clause 32 but the draftsman believes it is, so I am going to take his word for it.

Mr. CASGRAIN: Before this clause carries I would move:

That subclause 2 of clause 32 be amended by adding after the word "judge" in the thirteenth line the words "or a district magistrate" and also by amending paragraph (c) of subclause 2 of clause 32 by adding in the twenty-sixth line, after the word "lies" the following "or a district magistrate."

That has to do with the subject matter which I discussed in the committee here and also in the special committee on elections regarding the trouble some people may have if they want to apply for revision of the list before a judge in order not to force people who live in remote places in my county to travel 400 or 600 miles to go before a judge of the superior court either at Murray Bay or at Rimouski. A district magistrate in the province of Quebec, has jurisdiction up to $200. District magistrates sit at various periods of the year on the north shore in different sections of the district I represent and might be able to look after this revision of the lists. I leave it in this way, that the appointment of this district magistrate would be under the direction of the chief justice of the superior court or the acting chief justice, so that there would be no danger in this.

Mr. GUTHRIE: This is limited in every province to judges in the various courts of the different provinces, and I would not consent to an innovation of the kind suggested in the amendment.

Amendment negatived.

Section agreed to.

On section 46—May print in any or all districts.

Mr. POWER: Subclause 2 of this clause stood in order to meet the suggestion made by the hon. member for Charlevoix-Saguenay to provide that copies of lists should be furnished to candidates. I would move:

That the words "at an election" in line eight be struck from the clause and that there be added after the words "electoral district" in line eleven, that is after the last word of this subclause, the following words "he may demand such copies in the case of an annual revision of lists as well as of a general registration of electors."

Mr. CHEVRIER: He shall be furnished with.

Mr. POWER: I will accept the suggestion of the senior member for Ottawa.

Mr. GUTHRIE: If he does not ask for them, I do not know that he should be furnished with them.

Mr. POWER: Let it read:

And he shall be furnished on demand.

The CHAIRMAN (Mr. Smoke): I had better read the amendment:

And he shall be furnished on demand with such copies in the case of an annual revision of lists as well as of a general registration of electors.

Amendment agreed to.

Section as amended agreed to.

Mr. MacINNIS: Has clause 46, subclause 2, been carried?

Mr. POWER: Yes.

Mr. MacINNIS: I am afraid the amendment moved by the hon. member for Quebec South takes away the sense of the subclause. It provides that at an election the candidate shall be entitled to demand so many copies of the list. If the amendment, as I understand it is passed, he will not be entitled to that except at election time.

Mr. GUTHRIE: "Candidate" is defined in the interpretation as a candidate at an election.

On form 7.

Mr. POWER: I am satisfied that this form meets with the requirements.

Form agreed to.

On form 10.

Mr. POWER: In view of the amendments to section 15, this form is now all right.

Form agreed to.

Mr. POWER: I suggested this morning that we draft a form 11a, but as far as I am concerned it is no longer necessary.

Mr. GUTHRIE: Section 2 was allowed to stand.

Mr. MOTHERWELL: I understand that closed lists are all settled now; I can feel the rope tightening around my neck already. And my hon. friends opposite will pull on the rope too. I know exactly what we are confronting, and what it is for. Apparently the house will have to go through one closed list experience in rural areas before they know what it means. I want to warn all on this side that they will have to be prepared to have about three thousands votes more than is necessary to elect them in some ridings in order to have enough to save them from defeat. I know what was done via the closed list route in 1896. It was not always in the law but in the way it was interpreted. The lists were closed two days before the election, but they were not closed to the enumerators. During those two days it was not quite clear what the duties of the enumerator were, but an interpretation came from Ottawa to the Northwest Territories indicating that during that two days the enumerator could still put on the list what names he liked, and then the counterpart of that, he could still take off what names he liked. Good eligible names were taken off wholesale and others put on. It was easy to keep the ineligible from voting by means of active scrutineers, because such would have to be sworn, but those kept off were off. Let me say further, for the benefit of the government, that when you go too far in a matter of this kind it is so badly overdone that the people rebel. Dozens of enumerators refused to act after they learned the nature of the law, showing that in the Tory party there is a lot of fine white men in spite of the official Tories. They refused to act as deputy returning officers when they learned the power of the enumerator and what they were expected to do. They turned in their resignations. A lot of others would not take advantage of the law as interpreted, while some of the others pretty nearly got tarred and feathered when they did take advantage of it. At a number of polls, as soon as we found on election day what was happening and saw what a large number were being disfranchised, we had to send out to the adjoining polls on fast horses all the runners we could get, with advice as to what the government officials were doing to old and eligible voters. The result was that polls that never gave a majority in their lives gave one in 1896 because of the heinous crimes of the government and their officials of that day.

So I am comparatively calm about the matter. There is a sense of justice among the electorate of Canada and I predict that in many districts this government will not be able to find the necessary officials to do the kind of dirty work that they expect them to do.

Section agreed to.

Mr. MacINNIS: This morning I said I wished to draw attention to rule 9 of section 3. This refers to unemployment relief in Canada and provides that no person shall lose his franchise because of time spent in an unemployment relief camp.

The CHAIRMAN (Mr. Smoke): I would remind the hon. gentleman that this clause was carried.

Mr. MacINNIS: I was not in when we began this evening, and the Minister of Justice said this morning he would hold it over.

Mr. POWER: We had to stay here all day to pass these, and I object to any hon. member coming here and saying he wants to go back because he was not here all day. We have been here all day.

Mr. MacINNIS: I was here but I was called out just as we began with this section this afternoon.

The CHAIRMAN (Mr. Smoke): Order.

Mr. MacINNIS: This is a matter which concerns the unemployed and we could very well give a little time to it.

Mr. CASGRAIN: The book is closed.

Mr. GUTHRIE: Section 3 was carried, and the title.

On form 30.

Mr. POWER: I think the minister agreed to strike from this form section 4 as well as section 9.

The CHAIRMAN (Mr. Smoke): That is struck out.

Form 30 agreed to.

On form 31.

Mr. POWER: I asked that 31 stand, but I am willing to withdraw my objection now.

Mr. GUTHRIE: It is marked "carried" here. Then there is a blank as to the commissioner. I move that the committee rise and report progress.

Mr. POWER: Let us finish the elections act.

Progress reported.

[Mr. Motherwell.]

DOMINION ELECTIONS ACT

The house in committee on Bill No. 115, respecting the election of members of the House of Commons—Mr. Guthrie—Mr. Smoke in the chair.

On section 30—Supply of election materials by returning officer.

Mr. GUTHRIE: There is one clause I want to discuss for a moment, with regard to sending cards of notification. I have drafted this clause, to be added, if it passes, to section 30 as clause (f):

The chief electoral officer shall also furnish to the returning officer for each electoral district a supply of notification cards equal to the number of voters upon the voters' list for the applicable electoral district, and the returning officer shall cause one of such cards to be mailed to each voter whose name appears upon the said list at the address stated upon said list notifying such voter of the date and place of polling and the polling division for which such voter's name appears upon the voters' list. Such cards shall be mailed not later than the day after the day fixed for nomination and shall be entitled to pass through the mails free of postage. Such notification cards may be in Form No. ....

Form

Notification to voter of time and place of voting

Electoral district of .....

Take notice that your name appears upon the voters' list for polling division No. ...., in this electoral district.

Polling will take place on the ..... day of ....., 193.., between a.m and p.m.

You are entitled to vote at .....

.....

Returning officer.

Mr. POWER: Did the minister specify that this applies only to urban polling divisions?

Mr. GUTHRIE: No, to every polling division in the country.

Mr. POWER: And that the notification shall be given within twenty-four hours after nomination?

Mr. GUTHRIE: The day after nomination. Of course in some ridings—for instance I shall probably get an acclamation and it will not be needed in mine.

Mr. POWER: A third suggestion I should like to make is that the returning officer notify the candidates on both sides as to the cards which have been returned.

Mr. GUTHRIE: No, I am not cluttering it up in that way. That is too much.

Mr. POWER: I respectfully submit it is not cluttering it up.

Mr. GUTHRIE: He would not get them back until after the election.

Mr. POWER: They would get back the next day in cities. Put it in for urban divisions.

Mr. GUTHRIE: When I give an inch you try to take everything.

Mr. POWER: We might as well recognize that the returning officer is to be appointed by this government; he will be a partisan officer, and is very likely to think that his duty is rather to the government than to the state. In cities, and after all that is where it is important, he will know by the cards returned that Mr. So and So, whose address is so and so, has moved from that place, or is dead, or has moved to another address, as the case may be. That returning officer inevitably will give that information to the Tory committee room.

Mr. GUTHRIE: Perhaps we had better not insert this provision at all.

Mr. POWER: I would prefer it not to be there at all rather than give an undue advantage to one political party as compared with another. It is one way of checking the lists at government expense. If the same information is given both political parties well and good, but if it is not I think it is an outrage. I believe it is altogether uncalled for to give that advantage of using the mails and the money belonging to the people of Canada to one candidate rather than another. Though I like the suggestion and am quite willing to support my right hon. leader, if it does not work out fairly, equitably and reasonably for all parties then I would prefer that the suggestion be withdrawn.

Mr. MORAND: I think the hon. gentleman is unduly suspicious of the men who will take the oath of office, but it would be very easy to have the postmaster not return these cards until after election day.

Mr. POWER: Then you are up against Tory postmasters; you have fired all the Liberals.

Mr. MACKENZIE KING: Surely it would be very easy and simple to provide that the returning officer should make available to the candidate or his agent any information he may have as to notices returned for one reason or another. Instead of requiring the returning officer to notify both sides, if that is expecting too much, simply require that the candidate or his agent shall have the right to obtain from the returning officer any information he may have with regard to cards that have been returned. The same information would then be available to both sides. It would not involve any expense.

Mr. GUTHRIE: I am not wedded to it at all.

Mr. MERCIER (St. Heuri): This is a good thing; it will be helpful to both the electors and the candidate. I believe the principle is sound. In Montreal during municipal elections every man who has his card goes to the polls. There is no canvassing; we are not obliged to go from door to door, and it saves an enormous amount of money to the candidate. If cards are returned they come back to the returning officer. There will not be so many of them if the list has been made properly. If I am the candidate in St. Henri I may find about five hundred cards returned. I try to find where those people have moved; then I give the new addresses to the returning officer, and he has a chance to send the cards out again. In Montreal if you mail a letter by ten o'clock in the morning it may be delivered the same afternoon, due to our efficient service, and if the address is wrong the card will be returned once more. I believe this is a very helpful suggestion, which will save a great deal of money to the candidate. We heard the Secretary of State say that in 1930 he spent $25,000 to be elected in the constituency of St. Lawrence-St. George, so I humbly submit that this is an appropriate remedy, and that it should be easy so to frame the law as to prevent any abuse.

Mr. GUTHRIE: I tried to meet in full, absolutely and completely, the suggestion made by my right hon. friend the leader of the opposition this afternoon. If it is not satisfactory let us drop it.

Mr. POWER: So far as I am concerned, if there is no amendment in the sense I have indicated I propose to vote against it, no matter who proposes it.

Mr. WOODSWORTH: Many of us feel that it is quite in harmony with the suggestions we made this afternoon. I do not think we should be too suspicious of the returning officers.

Section as amended agreed to on division.

On section 33—Extra polling stations.

Mr. GUTHRIE: There was a discussion this afternoon as to a central polling place in certain parts of Canada which offer certain physical, geographical difficulties; it was felt that if the polling places could be all brought together in the one building, as they do in some places, it would be a great convenience to the residents. The suggested amendment, which would be subsection 8, is as follows:

The returning officer may with the prior permission, and shall upon the direction, of the chief electoral officer, establish in any city or town of not more than ten thousand population a central polling place whereat the polling stations of all or any of the polling divisions of an electoral division may be centralized; and upon the establishment of such central polling place all the provisions of this act shall apply as if every polling station at such central polling place were within the polling division of the electoral district to which it appertains.

This can be done only on the direction of the chief electoral officer.

Mr. POWER: This is in towns of less than ten thousand population?

Mr. GUTHRIE: I believe it applies only in some places in British Columbia.

Amendment agreed to.

Section as amended agreed to.

On section 3—General powers of chief electoral officer.

Mr. POWER: This section stood because of some inquiries I desired to make as to the powers and duties of the clerk of the crown in chancery prior to 1920, but I do not know whether it is worth while going into that. I am willing to let it pass.

Section agreed to.

Section 12 agreed to.

On section 13—Polling divisions with three hundred electors.

Mr. POWER: The suggestion I should like to make to the minister is that instead of a polling station containing as nearly as possible three hundred electors, that number should be reduced to two hundred and fifty. I think perhaps three hundred electors is too many for a polling division. I only make the suggestion; I am not insisting on it.

Mr. GUTHRIE: I think we had better leave it at three hundred, as it was in the old act.

Section agreed to.

[Mr. Woodsworth.]

On section 22—Return when no more candidates than number of members required.

Mr. POWER: This stood only for the purpose of checking up.

Section agreed to.

Mr. POWER: Section 37 has been carried, over my dead body.

On section 38—Effect of presence of name on list of voters.

Mr. POWER: Section 38 stood in order to have it conform to subsection 6 of section 33. I have no objection to it now.

Section agreed to.

On section 46—Manner of voting.

Mr. POWER: Section 46 stood so that the hon. member for Wetaskiwin would have an opportunity to discuss it.

Mr. GUTHRIE: We did discuss it.

Section agreed to.

On section 63—Return of election expenses by official agent.

Mr. POWER: That was carried.

Mr. GUTHRIE: That was carried this afternoon.

Mr. POWER: And sections 73 and 74 were carried.

On section 83—Election not voided unless illegal practices by candidates, agent, etc.

Mr. GUTHRIE: What about section 83?

Mr. POWER: Let us go on and finish up, and then come back to section 83. Has that section to do with absentee voting?

Mr. GUTHRIE: No, that is farther on.

Mr. POWER: Very well, this section may carry.

Section agreed to.

On section 96—Conditions for voting at advance polls.

Mr. POWER: I think that section is carried.

Mr. GUTHRIE: Yes, we did carry it.

Mr. MACKENZIE KING: Was subsection 7 of section 96 carried?

Mr. POWER: I have no amendment to it.

Mr. GUTHRIE: The section did not stand, so far as I know.

Section agreed to.

Mr. GUTHRIE: There is a section standing which I should like to discuss.

Mr. POWER: Some forms stood; had we not better discuss them first?

Mr. WOODSWORTH: Was section 63 called?

Mr. POWER: Called and carried.

Mr. WOODSWORTH: I have an amendment to move, of which I gave notice to-day.

Mr. GUTHRIE: Very well, we will revert to section 63.

On section 63—Return of election expenses by official agent.

Mr. WOODSWORTH: I move:

That section 63, subsection 1, be amended by adding as subsubsection (f) the following:
"a detailed list of all contributions or stocks of literature, posters or other printed material, or services supplied from any central committee or other organization."

Some hon. MEMBERS: No, no.

Amendment negatived.

Section agreed to.

On form 19—Oath of person applying to vote.

Mr. GUTHRIE: Form 19 refers to the oath. I agree with the suggested amendment. It is:

That after the word "voters" in the third line the following words be added, "that you are a British subject of the full age of twenty-one years."

What about the other part?

Mr. POWER: I was trying to copy the oath which has been in the act for many years. The form in the bill is a new form of oath, and I wished to have it conform as far as possible to the old one.

Mr. GUTHRIE: This is the same as it is in the old act.

Mr. POWER: No. If I had a copy of the old act before me I could show that the form of oath therein stated differs radically from the form proposed in this bill. However, I think I can strike some form of oath which will be satisfactory to the minister.

Mr. GUTHRIE: I wanted particularly to insert the words "you are a British subject of the full age of twenty-one years." That is now in.

Mr. POWER: But I have some objection to the remaining part of the form.

Mr. GUTHRIE: The remainder of the form merely states:

That you have not been employed by any person for pay or reward, in reference to this now proceeding election.

Mr. POWER: We never had those words in the former oath.

Mr. GUTHRIE: Does not the hon. member think it is a good clause?

Mr. POWER: No, because of the almost unanimous opinion of the committee to-day in connection with that section dealing with employment for pay of persons acting in committee rooms. The feeling of the committee seemed to be that if it was at all possible we should get rid of that provision. Why accentuate it? Do not make it worse than it was. The old oath stated that one was not guilty of any act of bribery or of any corrupt practices. Give us a chance to get away with an oath of some kind, instead of specifying all this hypocrisy.

Mr. GUTHRIE: I think the oath is all right as it is now amended.

Mr. POWER: Let the sin be on the minister's head, not on mine.

Amendment agreed to.

Form as amended agreed to.

Sections 36, 37 and 38 agreed to.

On schedule two.

Mr. GUTHRIE: Schedule two states the places where advance polls may be established by returning officers. I have had the request that in New Brunswick we add the name McAdam.

Mr. LAPOINTE: That is schedule two?

Mr. GUTHRIE: Schedule two. To the Ontario list will be added the names of Brantford, Woodstock and St. Catharines; to the Saskatchewan list the name of Swift Current and to the Quebec list the name of Beauport.

Schedule as amended agreed to.

Mr. GUTHRIE: There is another important amendment which will have to be discussed; shall I go on with it?

Some hon. MEMBERS: Yes.

Mr. GUTHRIE: These amendments provide for absentee voters casting their votes under these closed lists. This point was raised in the committee by the hon. member for Comox-Alberni (Mr. Neill) and there has been considerable discussion over it. We have tried to adopt some of the provisions of the British Columbia act. These will be new sections and their provisions are limited to fishermen, sailors, lumbermen and miners. They will apply to men who are more than twenty-five miles away from home on the date of the election. Such a man will be entitled to go

to the nearest polling division and obtain what is known as an absentee ballot. He then takes an oath which is attached to the ballot that he is on the list in some polling division within the province. He will be entitled to cast his vote and at the close of the poll the returning officer will count the absentee ballots and send them to the appropriate division where the man is on the voters' list. If it is found that he is on the voters' list in that poll, his vote will be counted. The machinery to put this into force is quite complicated but I think we have it fairly complete. Therefore, I move:

That Bill No. 115, the Dominon Elections Act, 1934, be amended by inserting, immediately after section ninety-eight, as sections ninety-nine to one hundred and five, inclusive, the following, with Forms No. and No. additional, and that the numbering of subsequent sections of the bill be altered to accord:

99 (1) In the six next following sections of this act the expression—

(a) "absentee voter" means a person, being one of the classes of persons in the next following subsection mentioned, whose name is registered on the list of electors of a polling division of an electoral district and who seeks to vote pursuant to sections ninety-nine to one hundred and four, inclusive, of this act;

(b) "fishermen" means and includes all persons who are engaged or employed in or about any of the processes of fishing as an industry, including sealing and whaling and the operation of fish or marine animal reduction plants;

(c) "lumbermen" means and includes cruisers, loggers, bushmen, sawmill employees and all persons who are engaged or employed in or about any of the processes of lumbering as an industry, including surveying, felling, hauling, driving and milling lumber or timber;

(d) "miners" means and includes prospectors as well as workers in or about mines, and all persons who are engaged or employed in or about any of the processes of mining as an industry, including surface operations, as by washing, hauling, assaying and milling as well as operations underground;

(e) "sailors" means all persons who are engaged or employed in any capacity whatever on board ships or vessels.

(2) The provisions of this section and of sections one hundred to one hundred and four, inclusive, of this act, shall apply only to persons whose regular occupation on polling day is that of lumbermen, fishermen, miners or sailors, as by subsection one of this section defined, and they shall not apply to any person who on polling day is not actually engaged or employed in one of such occupations within the limits of the polling division of the polling station whereat he seeks to vote.

100 (1) Any person who, being an absentee voter within the meaning of subsection one of the next preceding section, is, on polling day at an election, absent at a distance of not less than twenty-five miles from the polling station whereat, if he were there present on that day he would be entitled to vote, and who is not at the time out of the province in which he ordinarily resides and wherein such polling station is situate (whether he is or is not at the time within the electoral district which contains the polling division of such polling station), may, in manner stated in this section, obtain an absentee voter's ballot and poll an absentee voter's vote.

(2) The twenty-five miles mentioned in the next preceding subsection shall be calculated as running along the ordinary route of travel.

101 (1) The manner of polling an absentee voter's vote shall be as follows:

(a) The absentee voter may, at any time while the poll is open on polling day, apply to the deputy returning officer of that polling station which is nearest to the place where the voter is temporarily engaged or employed for leave to poll there an absentee voter's vote.

(b) The deputy returning officer shall thereupon require the absentee voter to sign and depose to an affidavit in Form No. . That Form shall be printed on the back of all absentee voter's ballot papers. That affidavit shall be made before that officer. The ballot paper shall be in Form No. or such other form as the chief electoral officer shall prescribe and direct.

(c) The deputy returning officer shall prepare the ballot paper for the voter by writing with ink on the counterfoil thereof the name of the electoral district to which the ballot appertains and by writing in the ballot with ink the names, residences and occupations of the candidates who, as shown by the printed list of candidates supplied to that officer pursuant to section one hundred and four of this act, have been nominated for the electoral district from which the voter is absent and to which his vote appertains. Only one name, description and occupation of a candidate shall be written in any one space in the ballot paper.

(d) The deputy returning officer shall, before delivering the ballot paper to the absentee voter, fold and seal it, in such manner that the voter's name and signature, as writen in the affidavit, are concealed.

(e) The deputy returning officer shall then deliver the ballot paper to the voter, who shall mark and fold it in the manner provided by section of this act and return it to the deputy returning officer, who shall, in the presence of the voter, and without removing the counterfoil, place it in the ballot box to be thereafter dealt with as in the next following section of this act provided.

(2) If in any case the absentee voter's ballot paper as supplied to the deputy returning officer has not sufficient spaces to contain the names of all the candidates the deputy returning officer shall add, by pasting thereto enough blanks in Form No. 43 to contain all such names. If in any case such ballot paper has more spaces than are required to contain the names of all the candidates the excess spaces shall be left blank.

(3) In the case of an absentee voter who is illiterate, blind or otherwise unable to write his name or mark his ballot the voter may sign by his mark, the deputy returning officer may write the voter's name and the ordinary provisions of this act shall in other respects apply.

102 (1) After the close of the poll, on the counting of the ballots, the deputy returning officer shall separate from the ordinary ballots of his polling station all absentee voters' ballots and segregate the latter into parcels according

to the respective electoral districts to which they appertain. He shall unfold and examine that portion of them which shows the name of the electoral district and the names of the candidates and make a list showing the number of votes cast for each candidate in each electoral district. It shall not be necessary for him to enter in such list the names of electoral districts or of candidates in respect of which or of whom no votes have been polled.

(2) After the examination of such ballots and the compilation of such lists the absent voters' ballots shall be refolded by the deputy returning officer so as not to disclose how the voters or any of them have marked such ballots. The deputy returning officer shall then place the absentee voters' ballots which appertain to each electoral district, together with a copy of the above mentioned list in so far as it relates to each electoral district, in separate envelopes, which he shall securely close, marking on the outside the name of the proper electoral district along with the words "Absentee Voters' Ballots," and he shall without delay forward them prepaid, by registered mail, properly addressed, to the returning officers of the electoral districts to which, respectively, they appertain. The deputy returning officer shall place in the ballot box copies of all such lists so mailed and he shall supply copies thereof to any candidate or to the agent of any candidate present who applies for the same. Finally, the deputy returning officer shall send by telegraph, or by the most speedy means available, to the returning officer of each electoral district in respect of which absentee voters' ballots have been polled at his polling station, a statement of the number of votes polled for each candidate as shown by the list prepared pursuant to subsection one of this section.

103. On the making of the final count pursuant to section of this act the returning officer in every electoral district shall open each parcel containing absent voters' ballots received from each deputy returning officer at any time before the completion of the final count, and shall deal with each parcel separately and in the following manner: Without unfolding that portion of the absent voter's ballot paper containing the candidates' names and without disclosing how the ballot paper is marked by the voter, he shall open that portion of the absent voter's ballot paper containing the signature and the affidavit of the voter. After examining each affidavit and finding that it is signed by the deponent and by the deputy returning officer before whom it was sworn, and finding that the deponent is a voter whose name appears on the list of voters for the polling division named in the affidavit, and that no person has in fact voted as such voter at the poll held in the polling division, the returning officer shall detach that portion of the ballot paper containing the names of the candidates from the counterfoil, and shall put the ballot without being opened into a ballot box to be used for the purpose of counting absent voters' ballots, and shall note on the list of voters against the number of the voter the fact that he has voted as an absent voter. If the returning officer finds that the name of the deponent does not appear on the list of voters for the electoral district named in the affidavit, or that some person has in fact voted as such voter at the poll held in the electoral district he shall not count and he shall retain the whole ballot paper unseparated as to any part thereof and unopened as to that portion of the ballot paper containing the candidates' name. After all absent voters' ballot papers have been dealt with, the returning officer shall proceed to count the votes given for each candidate and in his statement showing the result of the election he shall take into account all absentee voters' ballots found by him as aforesaid to be countable.

104 (1) Immediately after the close of nominations on nomination day the returning officer of every electoral district in Canada shall transmit by telegraph to the chief electoral officer the names, addresses and occupations of all candidates whose nominations are in his hands, as these names addresses and occupations will appear on the ballot papers of such returning officer's electoral district. The chief electoral officer shall cause sufficient printed copies of the applicable names, addresses and occupations of candidates to be made to enable every returning officer in every electoral district of Canada to supply to every deputy returning officer in that returning officer's electoral district a list of the names, addresses and occupations of every candidate nominated in every electoral district in the province in which such returning officer's electoral district is situate and of the electoral districts wherein such candidate, respectively, have been nominated.

(2) The chief electoral officer shall, in time to enable performance by returning officers of the provisions of sections ninety-nine to one hundred and five, inclusive, of this act, transmit or cause to be transmitted to all returning officers sufficient copies of lists of names, addresses and occupations of candidates, absentee voters' ballot papers and Forms No. 42 and No. 43 to enable every returning officer to transmit to every deputy returning officer within that returning officer's electoral district (which operation that returning officer shall execute) in time for use on polling day, sufficient copies of such documents for use at and for the purposes of each deputy returning officer's polling station, to enable compliance with sections ninety-nine to one hundred and five, inclusive, of this act.

105. Every provision of this act which can apply to absentee voters and absentee voting as provided for in sections ninety-nine to one hundred and four, inclusive, of this act, shall apply thereto.

Form No. ....

Affidavit on application for absent voter's ballot paper:

I, ...(name)..., presently of ...(place)..., in the electoral district of ....., in the province of ..... (insert occupation), do hereby apply for an absent voter's ballot paper at the election now pending and I do hereby make oath (or affirmation) and say:

1. That I am duly registered, pursuant to The Dominion Elections Act, 1934, under the above name as an elector in the electoral district of ..... in this province of ....., and at the time of my registration as such I resided at (here insert the place of residence and street and house number, or number of lot, or other local description) in the said electoral district.

2. That I am a (lumberman, fisherman, miner or sailor, as the case may be) within the mean-

ing of The Dominion Elections Act, 1934; that I am now actually engaged or employed in such occupation within the limits of the polling division whereof this is a polling station; that the distance from this polling station to that whereat I am entitled to vote at this election is not less than twenty-five miles, calculated along the ordinary route of travel; and that this polling station is that which is nearest to the place where I am temporarily engaged or employed as a (state occupation) as aforesaid.

Sworn (or affirmed) before me at ..... in the province of ....., this ..... day of ....., 19..

.....
(Signature of applicant.)

Deputy Returning Officer.

Form No. ....

Form of absentee voter's ballot paper front

The black line above the first name shall extend to the upper edge, and the black line below the last name shall extend to the lower edge of the ballot paper, and all black lines be prolonged to the edge of the paper.

Now that is a lengthy proposal and the form of the ballot paper in blank is attached. It has been represented to me that in many provinces, particularly in Quebec, Ontario, Manitoba and British Columbia, there are frequently large bodies of men engaged in remote places—

Mr. McINTOSH: And Saskatchewan.

Mr. GUTHRIE: —and it is impossible to have them poll their vote without bringing them long distances. This will simply provide that the absentee may vote and his vote may be counted at his own polling division and he may transfer it or vote at the poll nearest to the place where he is working, and anywhere within his own province that vote may be counted if he is on the list. The machinery is pretty intricate, but on the whole I approve of the proposal and I think we should add it to the purposes in respect of the four classes mentioned in the proposal.

Mr. RALSTON: Will the minister look at the definition of miner? It sounded to me as if there was no inclusive class similar to the definition of lumberman.

Mr. GUTHRIE: If the hon. member could make it more inclusive I should be glad to hear his proposal. "'Miners' means and includes prospectors as well as workers in or about mines, and all persons who are engaged or employed in or about any of the processes of mining as an industry, including surface operations, as by washing, hauling, assaying and milling as well as operations under ground."

Mr. MacINNIS: I wish to propose an amendment to the amendment. Provision should be made so that men who are in unemployment relief camps will not be deprived of their votes. It is very well known to everyone that men in the relief camps are more than twenty-five miles away from the place in which they are ordinarily registered and it is of little use to give them the right to the franchise unless you provide for their exercising it. I would move therefore that included among those who may vote by use of the absentee ballot there be added persons in any unemployment relief camp.

Mr. GUTHRIE: The section in regard to relief camps has already been carried.

Mr. MacINNIS: No.

Mr. POWER: Not for voting in relief camps.

Mr. GUTHRIE: In relief camps anyone who is a miner or lumberman or sailor or fisherman can vote, I fancy, by the use of the absentee ballot, provided his home is in the province. It could not be taken in British Columbia for use in Halifax, for instance, and he has to be on the list where the vote is counted.

Mr. WOODSWORTH: I am in sympathy with the purpose of this legislation but it is limited distinctly to four classes of people: fishermen, sailors, lumbermen and miners. These men are undoubtedly in many instances remote from ordinary polling places, but there is another class which is just as important and unfortunately to-day it is very numerous, that is, men engaged in relief camps. We have already recognized this class by making provision that they may be registered in their home districts, but these home districts are sometimes one hundred or two or three hundred miles from the camp in which they are temporarily employed. It is all very well to make provision for their registration, but it is useless unless we give them an opportunity for voting, and there seems no reason why they should be discriminated against. It would be an easy matter for the minister to include as a fifth group those engaged in relief camps. We have already dealt with them in the other act. They are a clearly defined class, and I would ask the minister to add them to the list. It is bad enough for people to be out of work through no fault of their own, but it would be a serious matter if they were in practice disfranchised.

Mr. POWER: With all reserve of rights as to whether we will accept the whole amendment or not, which it is difficult to accept without consideration—

Mr. GUTHRIE: I read it for the purpose of making it public.

Mr. POWER: As the hon. member for Winnipeg North Centre very well said, we provide for the registration of men on unemployment relief; they are to be registered at the place from which they come before they enter the relief camps. There is no reason, if they are registered, why they should not poll their votes at the place at which they are when an election occurs. If we accept the principle and if it is found there are sufficient safeguards in the amendment as proposed by the minister, there is no reason why that category of person should not be added to the list of those who are to be included as voting as absentee voters.

Mr. GUTHRIE: That is, provided they are on the list.

Mr. POWER: That applies to everybody in any case, lumbermen, sailors and everyone else.

Mr. POULIOT: With due reserve, I find the principle of this amendment unsound because a man has a right to vote in his constituency, in the area where he lives, and I do not see why a man should be permitted to vote within the province and outside the constituency in which he lives. This amendment has a strong smell of the War-time Elections Act. It refers to fishermen, miners, sailors and lumbermen. If the ship of state docks at Riviere du Loup wharf with all its crew I am not afraid of it; we can take good care of it. But the principle is most unsound and it is absurd to give men the right to vote outside their constituency in order to fill the boxes with ballots of people who do not live in the constituency in which they vote.

Mr. GUTHRIE: I am not inclined to increase the list. In the last twenty-four hours I have heard many demands for increases for school teachers, ministers of the gospel, berry pickers and apple pickers. We have decided that this is a special privilege to the people to whom it has been given and it was in that light our committee discussed the matter.

Mr. MALONEY: I rise to say a word in defence of the old act of 1930. I feel that every citizen of this country, man or woman, who is a British subject and is over the age of twenty-one, should have the right to vote. The old act was not so bad. While this may be better, I cannot see that it is.

Mr. WOODSWORTH: Mr. Speaker, may I call your attention to the fact that it is now twenty-five minutes to twelve. This house decided that it would adjourn at eleven o'clock. It seems to me that this is stretching the matter almost too far. Evidently we cannot complete this bill to-night.

Progress reported.

EXCISE ACT AMENDMENT

FREE CONFERENCE WITH THE SENATE IN VIEW OF AMENDMENTS—REPORT OF COMMONS MANAGERS

Mr. SPEAKER: I have the honour to inform the house that a mesage has been received from the Senate informing this house that the Senate doth insist upon their first, second and third amendments made to Bill No. 89, an act to amend and consolidate the Excise Act, and that the fourth amendment be amended by substituting for paragraph (b) of subclause (2) of new clause 169A, the following:

(b) that he exercised all reasonable care in respect of the person permitted to obtain the possession of such horses, vehicles, vessels or other appliances to satisfy himself that they were not likely to be used contrary to the provisions of this act or, if a mortgagee or lien-holder, that before becoming such mortgagee or lien-holder he exercised such care with respect to the mortgagor or lien-giver.

Hon. R. C. MATTHEWS (Minister of National Revenue): Referring to the free conference held to-day, on behalf of the managers appointed by the House of Commons at the free conference with the managers appointed by the Senate in respect to amendments made by the Senate to Bill No. 89, to amend and consolidate the Excise Act, I beg to present the following report:

Your managers beg to report that they duly held a conference with the managers appointed by the Senate in respect to amendments made by the Senate to Bill No. 89, of the House of Commons intituled: "An Act to amend and consolidate the Excise Act" and that the managers of the Senate have agreed to recommend that the Senate do not insist on their fourth amendment but agreed that the same be amended by substituting for paragraph (b) of subsection 2 of new clause 169A, the following:

"(b) that he exercised all reasonable care in respect of the person permitted to obtain the possession of such horses, vehicles, vessels or other appliances to satisfy himself that they were not likely to be used contrary to the provisions of this act or, if a mortgagee or lien-holder, that before becoming such mortgagee or lien-holder he exercised such care with respect to the mortgagor or lien-giver."

I move:

That this house do accept and concur in the first, second and third amendments by the Senate to Bill No. 89, intituled: "An Act to amend and consolidate the Excise Act" and also to the fourth amendment agreed to at the free conference with the Senate, and that a message be sent to the Senate to acquaint their Honours therewith.

Mr. POULIOT: May I ask the minister if he would have any objection to making the last amendment retroactive? I ask him that seriously.

Mr. BENNETT: He could not do that.

Motion agreed to on division.

On motion of Mr. Bennett the house adjourned at 11.40 p.m.

Saturday, June 30, 1934

The house met at eleven o'clock.

FARMERS'-CREDITORS ACT

NON-INSISTENCE OF SENATE ON AMENDMENT WITH WHICH HOUSE OF COMMONS DISAGREED

Mr. SPEAKER: I have the honour to inform the house that a message has been received from the Senate to the effect that the Senate do not insist on their amendment to Bill No. 92 to facilitate compromises and arrangements between farmers and their creditors, with which the House of Commons disagreed.

PRICE SPREADS AND MASS BUYING

MOTION FOR CONCURRENCE IN REPORT

Hon. H. H. STEVENS (Minister of Trade and Commerce) moved, seconded by Mr. Kennedy (Winnipeg South Centre) that the third report of the special committee on price spreads and mass buying be concurred in.

He said: Mr. Speaker, I shall not detain the house more than a moment or two in speaking to this motion. As a matter of fact, my only desire at the moment is to express, as chairman of the committee, my appreciation of the painstaking manner in which all members of the committee, not only attended its sessions most regularly but lent their earnest cooperation to the task undertaken. It was a difficult and exacting task, calling for the closest attention day after day over a period of approximately sixty days, upon most of which two sittings were held. I do not think any chairman ever had more cordial cooperation than I received from the members of the committee, and I desire to express my appreciation of that fact.

However, it became clear to the committee and ultimately was agreed upon unanimously that the work of the committee could not be completed within the period of this session. Consequently, the report which is very brief, asks for the erection of a commission under the Inquiries Act to continue the work of the committee. This recommendation constitutes the report rather than an attempt to make a fairly full analysis of the evidence. As I say, the committee was unanimous in that view. The evidence submitted was most voluminous and both the evidence and the exhibits were of a very technical character. I am quite confident that this evidence will be found most useful and valuable as a basis for the ultimate report as well as for other uses in years to come. I commend this motion to the house for its agreement.

Mr. MACKENZIE (Vancouver): Has the minister any idea as to how long the adjourned investigation will take?

Mr. STEVENS: The time will be considerable because of the amount of work to be done in preparing a report. There will not be an immediate hurry due to the prorogation of the house and it is very difficult to say just what actual time will be occupied by the commission.

Mr. MOTHERWELL: Is it not unusual to submit an important report like this and then move concurrence on the same day?

Mr. STEVENS: The report was presented yesterday.

Mr. MOTHERWELL: I have nothing further to say. What does it say?

Mr. STEVENS: Very briefly the report states that the work of the committee has not been completed and asks that the committee be continued as a commission under the Inquiries Act.

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): When this commission is appointed, will it investigate the prices charged by the oil companies? Some time ago I asked a question of the minister with regard to the prices charged for fuel oil in Montreal. I pointed out that there was a combine there as well as in the prices charged to the owners of schooners and fishing vessels. I think it would be appropriate to have an investigation carried out along these lines.

Mr. THOMAS REID (New Westminster): Is it the intention of the commission to travel or will it just hold sessions here in Ottawa?

Mr. STEVENS: I am out of order in continuing this discussion. I should like to answer all questions, but I think it would be unwise for me to enter into a sort of committee stage on my own motion.

Mr. CASGRAIN: The question I asked is quite important.

Mr. STEVENS: What my hon. friend says has been noted.

Mr. ROBERT GARDINER (Acadia): I have no objection to the adoption of this report to erect a commission to make inquiries after the session is over, but I should like to know if it is the intention of the government to take such action as the evidence discloses might be necessary? Unless we are assured that some action will be taken I see no reason to extend the life of this committee. Could the minister give us some assurance in that regard?

Mr. STEVENS: Once more, with the permission of the house. It is intended to make a very complete study of the evidence, which has not been possible up to the present. A report will be submitted which we hope will prove to be useful, effective and practical.

Motion agreed to.

PRIVATE BILL—REFUND

Mr. W. W. KENNEDY (Winnipeg South Centre): Mr. Speaker, on June 14 I moved:

That as the preamble of Bill No. 10, respecting a certain patent owned by the Firth-Brearley Stainless Steel Syndicate Limited, has been declared not proven as recorded on pages 153 and 160 of the minutes of the proceedings of the Senate of April 25 and 26, 1934, the fees and charges paid on the said bill be refunded less the cost of printing and translation.

Mr. BENNETT: A former Minister of Finance once said that he thought it was undesirable that fees should be remitted under the circumstances indicated in this motion, but inasmuch as the house has proceeded to do so with respect to all the measures that have been declined this session, I have no objection to this being one of the number.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RIVIERE DES ILOTS, NEWPORT, GASPE PUBLIC WORKS

Mr. DUGUAY:

1. Who was the superintendent in charge of works done at Riviere des Ilots, or Newport Islands river, Newport, county of Gaspe, from June, 1928, to December 31, 1930?

2. Who supplied the materials in connection with such works and what was the cost of same?

Mr. STEWART (Leeds):

(From January 1, 1930 to December 31, 1930)

1. Gregoire Chapados.

2. Alfred LaRocque, smithwork, $25.25; Le Marquand & Sons,, hardware, $10—$35.25.

Note.—The information requested re work at Riviere des Ilots from June, 1928 to January 1, 1930, was tabled in the House of Commons on June 21, 1934, in answer to a similar question for that period.

PRIVATE BILLS

AMENDMENT OF STANDING ORDER 93—TIME LIMIT FOR DEPOSIT

Right Hon. R. B. BENNETT (Prime Minister) moved:

That standing order 93 be amended,—

(a) By deleting the following words from section (1): "and if such bill is not deposited by the time above specified, the applicant shall, in addition to the charges for printing and translation, pay the sum of five dollars for each and every day which intervenes between the said first day of the meeting of the house and the date of the filing of the bill; but such additional charge shall not exceed in the aggregate in any one case the sum of one hundred dollars."

(b) By deleting the word "two" from the last line of section (2) and substituting the word "five" therefor.

He said: It is quite clear now that no interest can be affected by the proposed change in the rules that would be brought about by the acceptance by this house of this amendment. Standing order No. 93 reads in part:

(1) Any person desiring to obtain any private bill shall deposit with the clerk of the house, not later than the first day of each session, a copy of such bill in the English or French language, with a sum sufficient to pay for translating and printing the same; the translation to be done by the officers of the house, and the printing by the Department of Public Printing; and if such bill is not deposited by the time above specified, the applicant shall, in addition to the charges for printing and translation, pay the sum of five dollars for each and every day which intervenes between the said first day of the meeting of the house and the date of the filing of the bill; but such additional charge shall not exceed in the aggregate in any one case the sum of one hundred dollars.

(2) After the second reading of a bill, and before its consideration by the committee to

which it is referred, the applicant shall in every case pay the cost of printing the act in the statutes, and a fee of two hundred dollars.

It is proposed to endeavour to secure the freedom of this house from the initial consideration of large numbers of private bills by increasing the business that may be presented to the second chamber in the way of private legislation. The effect will be to delete all these words that appear in subsection (1) which I have just read, commencing "and if such bill is not deposited," and to increase the sum charged, when the bill gets second reading, from $200 to $500, the view being that it will afford a larger measure of business to be transacted in the other chamber and free this house from too much time being taken with private legislation, until such time at least as it has been considered elsewhere.

Motion agreed to.

FIRST NARROWS BRIDGE

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): May I ask the Minister of Public Works once again whether he can give information with respect to the progress of negotiations affecting the First Narrows bridge in Vancouver.

Hon. H. A. STEWART (Minister of Public Works): The situation is the same as when my hon. friend made his last inquiry—

Mr. MACKENZIE (Vancouver): No progress.

Mr. STEWART (Leeds): —but after the house rises I shall have the matter brought to the attention of council and I hope disposed of speedily.

AUSTRALIAN WHEAT AND FLOUR

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): I wish to draw the attention of the Minister of Trade and Commerce to a dispatch which appears in this morning's papers to the effect that the steamship Pennland is sailing from Southampton to-day for Halifax with a shipment of over 400,000 pounds of Australian flour. Is the minister aware of that, and has he an explanation?

Hon. H. H. STEVENS (Minister of Trade and Commerce): I have not seen the dispatch but I will take notice of what my hon. friend says.

Mr. YOUNG: In regard to the shipment of Australian flour to Canada, I wonder whether the minister is aware that the millers of England are advertising flour made from soft Australian wheat for sale in Canada, and that the British millers are objecting that if this kind of flour is shut out of Canada they will shut out of Britain Canadian flour made from Canadian wheat.

Mr. STEVENS: I will also take notice of what the hon. member for Weyburn says.

Mr. MOTHERWELL: Can the Minister of Trade and Commerce stop the importation of Australian flour until the three months necessary notice has expired?

Mr. STEVENS: That is under the control of the agreement—

Mr. MOTHERWELL: Then it cannot be stopped for three months.

Mr. STEVENS: —and the terms of the agreement will be observed.

CANADIAN NATIONAL RAILWAYS

BRANCH LINE CONSTRUCTION IN WESTERN CANADA

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): The Minister of Railways, in a debate in the house about two months ago, said that he would have a statement to make with regard to Canadian National Railways branch line construction in western Canada. I wonder whether he could make a statement in that regard to-day.

Hon. R. J. MANION (Minister of Railways): I think the hon. gentleman misinterpreted my words. I said that when the estimates of the Canadian National Railways were being discussed by the special committee the whole matter could be discussed, but no one brought it up. The officers were here and my hon. friend could have appeared and brought the matter up, but he did not do so, and consequently I have no statement to make.

CIVIL SERVICE COMMITTEE

On the orders of the day:

Mr. E. R. E. CHEVRIER (Ottawa): I have a question to ask the Prime Minister. Will concurrence in the last civil service committee's report be moved at this session, and, if not, will the right hon. gentleman indicate why.

Right Hon. R. B. BENNETT (Prime Minister): The answer is no.

RADIO BROADCASTING

Right Hon. R. B. BENNETT (Prime Minister) moved the third reading of Bill No. 126, respecting radio broadcasting.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I rise, not to object to the third reading of this bill but once more to bring to the attention of the government, and possibly by my words in this house at the moment, to the attention of the radio commission as well, the importance of some arrangement being made before a general election which will insure impartiality in the use of the radio as between different political parties. I mentioned the matter yesterday and I am not sure whether the government has included any provision in the Elections Act itself. It may be difficult so to arrange.

On the other hand, the Prime Minister (Mr. Bennett) may be in a position to make a statement to the house as to what the country might expect in that regard. Personally I feel that the radio to-day plays such an important part in all matters affecting public opinion that it would be quite proper that some provision should be made whereby, for example, each political party which has a representative following should be entitled to have broadcast at the expense of the state one or two addresses which would set forth its platform or policies before the people. That I believe is the custom in Great Britain itself and it might well be followed here. Apart from that I think there ought to be some definite understanding that radio where it is to be used for political purposes will be used in a manner which will not give to one party which may happen to have more in the way of financial backing than other parties, a larger use of that national instrument. The radio to-day is a national instrument and the necessity for its use impartially as between different parties that are appealing for public support on matters of public policy is only too obvious. I hope the government has not overlooked making provision in the election measure which we will be discussing later in the day and that the Prime Minister will, either now or later on, make a statement to the house on the matter.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the matter to which the right hon. gentleman has directed attention is one of very great importance. At the last federal general election it will be recalled that the Canadian National Railways had the largest measure of facilities for use in broadcasting and perhaps he will recall that lots were drawn for periods of time that would be used, with the exception that as Prime Minister he was to have the right to close, as he did. I was a party to that arrangement which I thought not an unfair one. I thought it was the proper thing to do; I said so at the time and I say so now.

My attention was forcibly directed to what the right hon. gentleman is now discussing during the progress of the recent election in Ontario when the facilities to a very considerable extent of some private enterprises were in the hands of one party and another had certain facilities of another kind. As there is no complete nationalization of radio broadcasting facilities, the right hon. gentleman will realize that the extent of the supervision or control that can be exercised by the broadcasting commission becomes of course of the utmost importance. There are complaints made against the commission if it says that the particular radio facilities at, we will say "X" town, should not be utilized continuously by one political party and that opportunity should be afforded for another party also to use them. That is not easily disposed of by the radio commission and I assure the right hon. gentleman that I agree with him that something will have to be done to prevent any abuses or cause for complaint that the radio facilities are placed by contract or otherwise at the disposal of one party to the exclusion of others, and that some opportunity must be given to all to place their case before the electors. Just how this may be accomplished I am not at the moment fully advised because the situation in Canada is not like that in England where the commission owns and controls the entire distribution, so to speak, through the air. Although in this country they have the power to control, they do not own the facilities through which the control can be exercised. I have every reason to believe and I can assure the right hon. gentleman that nothing will be done that will permit of any such abuse as he suggests. My personal opinion is, having regard to the satisfactory manner in which we disposed of the matter at the last federal general election, possibly some similar arrangement can be made. Whether or not that is possible is a matter on which I am not in a position to express any definite opinion. I can only assure the house that so far as the influence of the government may be able to control the broadcasting commission, no such difficulties as those to which the right hon. gentleman has referred will be permitted to arise.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, just a word. I quite realize that in privately owned stations, though they are to some extent under the control of the commission, it would be difficult to arrange in a definite way to apportion the time among the various political parties; but so far as the program of the commission itself, I mean the national hook-up, is concerned, it is very easy and I think it would be only fair for the commission to divide the time equally, or at least to give the same measure of justice to the various parties for national broadcasts of political discussions. I wish, as my right hon. leader has done, especially to direct the matter to the attention of the commission.

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, might I suggest that when the matter is under discussion it be considered that at least two of those broadcasts, that is, one at the opening of the campaign and one at the close of it, be given free of charge to the various parties.

Mr. BENNETT: That costs the country money, you see. That is the point.

Mr. STEWART (Edmonton): I quite appreciate that, but the matter is so important it seems those are two broadcasts that the country could well afford to take care of. We are in the Elections Act trying, as the lists are to be closed, to have so far as possible fall upon the country the costs that formerly to a great extent fell upon members of parliament.

Mr. MANION: To how many different parties?

Mr. STEWART (Edmonton): I would not discriminate against parties.

Mr. MANION: To how many?

Mr. STEWART (Edmonton): There should be some understanding as to that but I would not say that any individual who calls himself a party should be given the privilege; I would not suggest that.

Hon. W. D. EULER (North Waterloo): Mr. Speaker, I would say that where stations are nationally owned there should not be any very great practical difficulty in working out some sort of scheme whereby it would be ensured that the different parties had equitable treatment in the matter of broadcasting during elections. But I rose to say this with regard to stations that are privately owned; when one considers the fact that these privately owned stations are in the nature of a monopoly granted by the government of Canada I do not think it would be at all unfair to put into the act or regulations something which would regulate them so that they could not abuse the privileges they have in the interests of any one political party.

Mr. BENNETT: That was what I was saying a moment ago.

Mr. EULER: I have heard of cases where one political party took the broadcasting of a privately owned station for two weeks with the express intention of shutting out their political opponents. That should not be tolerated in view of the fact that this is a monopoly which is conferred by the government of the dominion. Something should very properly be done with regard to that.

Mr. C. G. POWER (Quebec South): Mr. Speaker, I think from the slight experience I have had in connection with the radio and as organizer of a political campaign, political parties have that characteristic which is traditionally attributed to women in that all political parties wish to have the last word. On the occasion to which I refer when I was interested in this matter I found little or no difficulty in arriving at an arrangement with the opposite political party, even though the principal station in the district was owned by Conservatives. For instance, as is well known to this house, Sundays are the great speaking days throughout the province of Quebec, and it was arranged that if one party had Sunday afternoon on the radio the other party should have Sunday evening. But when it came to the last word on the last night, then the difficulty arose. The owner of the radio station in his loyalty to his party insisted that the Conservatives should have from ten to twelve o'clock on the very last night. I do not know how we could get over that difficulty.

Mr. MANION: What good did it do?

Mr. POWER: The Conservatives had the last word, the electors spoke the next day.

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): May I be permitted a word along the line of the remarks made by the hon. member for North Waterloo (Mr. Euler)? I found some difficulty myself at the time of the last election. I communicated with one station in Quebec city asking to be favoured in having the use of the station to speak to my electors on the north shore. I wrote a letter to the party at the head of that concern but never got an answer, with the result that I did not get the use of the station although

I offered to pay for it, and the people of the opposite party got it and used it to speak as much as they liked.

Mr. MANION: You did not need it, you are here.

Mr. CASGRAIN: I was told, I do not know if the information is right, that the people opposing me, more especially the candidate, were more friendly than I was to the institution, and he got the use of the radio and I did not.

Mr. ONESIME GAGNON (Dorchester): I am not desirous of challenging the statement of the hon. member for Charlevoix-Saguenay (Mr. Casgrain) but I feel I am correct in saying that during the 1930 election there was no station in Quebec city of sufficiently high power to enable his beloved electors to hear him from there. Therefore I am sure he was not refused access to the Quebec stations, because even had they been at his disposal none of his electors would have been able to receive the broadcast.

With respect to what the hon. member for West Edmonton (Mr. Stewart) has said, I say it is absolutely unfair to expect that the commission shall make broadcasting facilities available to political parties without any charge. As long as the House of Commons will not be public-spirited enough to vote the necessary money to the radio commission in order that proper facilities be afforded to the general public we ought not to expect them to give facilities for election speeches free. We have had many by-elections since 1930, and lately we have had general elections in two provinces. I think it is fair that it should be stated in this house that no complaints have been made against the commission as to what took place in Ontario, for instance. I was just speaking yesterday with Colonel Steel, who is in charge of broadcasting, and he told me he had received no complaint, therefore I think we can say that there was fairness to all political parties.

Mr. CASGRAIN: I rise to a question of privilege. The hon. member for Dorchester (Mr. Gagnon) stated that no radio station in the district of Quebec would have been able to reach the people in my district. My opponent who comes from Quebec city—

Some hon. MEMBERS: Order.

Mr. CASGRAIN: —spoke over the radio in that city and I heard him myself addressing the people in my riding.

Mr. SPEAKER: That is not a question of privilege at all.

Mr. E. J. GARLAND (Bow River): It must be gratifying to the house to find itself in such fairly close agreement on this matter of the use of radio facilities for election purposes. I appreciate very much the generous attitude that has been taken by the leaders of both the major political parties. I hope they will see to it that there is justice for all political parties in the use of radio. The one to which I happen to belong is not possessed of the necessary funds to undertake any extensive use of the radio, and in all probability it will be confined pretty much to local stations. I would like to direct the attention of the government and the leader of the opposition tc the fact that the total cost of election of all the members from the province of Alberta who sit in this section of the house did not exceed that of two national chain hook-ups It is out of the question for us to finance that sort of thing. I agree with the hon. member for West Edmonton (Mr. Stewart) and approve of the suggestion he made. I disagree with the attitude of the hon. member for Dorchester (Mr. Gagnon), who, I think, has not given this matter the consideration he usually gives to such questions. After due consideration I am satisfied that he would accept as fair the idea that there should be one national broadcast at the beginning of the election campaign when the manifestoes of the three parties are put on the air, and there should be one at the close of the campaign from the major parties in the country. I believe those broadcasts should be free of charge to the parties concerned. I have no objection to the house entering into an arrangement for defraying any necessary overhead caused to the commission, but I do approve of the proposal that there should be a free initial broadcast and a free closing broadcast for all major political parties.

Hon. R. D. MORAND (East Essex): I wish to put myself definitely on record against any free use of the radio during election campaigns. If we wish to preserve nationalization of radio we must realize that in doing that you come in competition definitely with private business in the way of newspapers, and I do not see how you can expect to use the national radio in competition with other publicity agencies. In the United States I am advised that they have a rule for private stations whereby when a station gives a certain length of time to one party a similar length of time must be offered to the other party or parties. I think that idea might be looked into in making rules for both privately or publicly owned stations

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): This radio commission is another wart on the government. The government is shifting its responsibility in all ways. Last year when I asked the hon. Minister of Marine (Mr. Duranleau) if he had any control over the radio commission I was very sorry when he answered, "Well, I do not know," He should have direct control.

Mr. DURANLEAU: I beg your pardon, I never made any such answer.

Mr. POULIOT: Well, the hon. minister made a normal reply, he did not say yes, he did not say no. Gentilment le Normand repond: "Ça me dit pas oui; ça me dit pas non." That was the answer of the hon. gentleman. I think he should have direct control over the radio commission, and the radio commission should be responsible through him to this house. That is my humble view. It would save a lot of difficulty and trouble. Therefore I am against the extension of the powers of the radio commission. It is the more necessary for the hon. gentleman to have direct control over the radio commission because it will save the Prime Minister a lot of trouble. When people work radio cross word puzzles and are unsuccessful they write to the Prime Minister's office and the Prime Minister directs his secretary to answer them: "What is the right answer?" Why do they waste the time of the right hon. gentleman? I have upstairs in my file an original letter sent by the Prime Minister's office telling a man in Montreal how he should do the radio cross word puzzle. I think the Prime Minister has enough to do in ending unemployment and bringing back prosperity without worrying himself about such childishness. If the Minister of Marine had control over radio and the people knew that, they would write him, and I know the minister would be a good enough business man to tell his secretary to refer all those people to Mr. Charlesworth and the secretary of the radio commission.

I am against the extension of these powers, first as a matter of principle and in the second place in order to give the Prime Minister a chance to look after the affairs of the country instead of wasting his time answering such futile questions.

Hon. ALFRED DURANLEAU (Minister of Marine): The question of direct control of the minister over the radio commission is a very much debated question in this country. Hon. members know very well that when the question of nationalizing radio broadcasting was brought up the associations requesting nationalization were strong in their demand that the radio commission should be absolutely free from political control, and I think everybody will admit that since this commission has been in operation it has been absolutely free from such control. I defy my hon. friends to show any instance where the party on this side of the house received preferred treatment from the radio commission. I may say that we were unable to broadcast some of our meetings over the commission's stations because of the tremendous cost. The commission represented that they had to make large disbursements for the use of telephone lines throughout the country, amounting to practically $1,000 an hour for a coast to coast broadcast.

I do not think hon. gentlemen opposite can complain of being ill treated in this regard. We have heard them over the radio so many times in the last two years that I think they have had the preferred treatment. That has been so much the case that to-day in Montreal when my hon. friends opposite have a broadcast on the air the radio owners tune in something else.

Mr. MACKENZIE KING: I should like to ask the Prime Minister one question arising out of what he said a moment ago. I quite agree that in federal elections the Prime Minister should have the last word over the radio on any national broadcast, but I wonder if he would tell me how, not being a member of the legislature, he succeeded in having the last word in the recent provincial campaign.

Mr. BENNETT: The right hon. gentleman is in error; I did not have the last word. The last word, over another radio altogether, was said by the gentleman who is now the premier-elect of the province of Ontario.

Motion agreed to, and bill read the third time and passed.

CUSTOMS ACT AMENDMENT

The house resumed from Wednesday, June 27, consideration in committee of Bill No. 124, to amend the Customs Act—Mr. Matthews—Mr. MacDonald (Cape Breton South) in the chair.

Section 1 agreed to.

On section 2—Governor in council may order that excise duties and taxes be disregarded.

Mr. DONNELLY: Would the minister tell us what articles come under this section?

Mr. MATTHEWS: I may say that gasoline is one of the principal items.

Section agreed to.

Sections 3 and 4 agreed to.

Bill reported, read the third time and passed.

CUSTOMS TARIFF AMENDMENT

Hon. R. C. MATTHEWS (Minister of National Revenue) moved that the house go into committee on Bill No. 125, to amend the customs tariff.

Motion agreed to and the house went into committee, Mr. MacDonald (Cape Breton South) in the chair.

On section 1—Governor in council may order that excise duties and taxes be disregarded in certain other cases.

Mr. DONNELLY: Apparently this bill is going to do away with some of the excise taxes that have been charged in the past, and I refer particularly to the matter of gasoline. In the fall of 1932, some time about November 9, I brought up this matter in the house and said that while we were taking off the dumping duty we were still charging the excise tax, which amounted to one and a quarter cents per gallon on gasoline. Shortly afterwards the Minister of National Revenue made a long speech in which he tried to make out that this tax did not amount to very much anyway. It does amount to one and a quarter cents per imperial gallon, which now, apparently, is to be done away with.

I do not object to that at all; I am glad it is being done, but I think the tariff on gasoline is still too high. I have in my possession a way bill covering a tank car of gasoline brought into western Canada from the United States. This tank car came to a place called Wilcox. The cost of the gasoline at the refinery was $305; the duty was $299.77. In other words, practically speaking there was a difference of only $6 between the cost of the gasoline and the duty imposed. The price of gasoline is one of the factors which go to make up the cost of production in western Canada. I may say that there is no single factor which has entered into the cost of wheat production and the production of other grain to any greater extent than has the cost of this commodity. Many of our farmers in the dried out areas are unable to get feed to feed their horses and cattle, and for that reason they are farming with gasoline tractors. Because of the high price of fuel they are farming at a disadvantage, as compared with those people who are doing their work with horses. Even after paying the enormous duty, which was equal to the original price, the gasoline could be laid down at Wilcox at a price of 18·9 cents per gallon, whereas the cheapest the farmers can buy gasoline from the Imperial Oil Company at Regina, laid down at Wilcox, is 19·7 cents. In other words, they were taking full advantage of the duty, and charging more for gasoline than the price at which it could be imported.

These conditions should be rectified. The duty of 2½ cents a gallon is ridiculous, and the excise tax of an additional 3 per cent results in a great injustice. The investigation we had last year into the prices of gasoline disclosed that the manufacture of gasoline cost less than one cent a gallon. The people in western Canada are paying 47 cents freight per hundred pounds for crude oil brought in from Tulsa, Oklahoma, and the freight rate on gasoline from that point runs up to $1.40 per hundred pounds. The oil companies in Canada take advantage of the 2½ cents duty and 3 per cent excise tax, and yet the farmers can import gasoline after paying all the duty and enormous freight cheaper than they can buy it in Regina at the present time. I say that the duties on gasoline are ridiculous.

I know of a company in Regina called the Highway Gas Company. It began operations, by bringing in crude oil from the Tulsa oil fields as well as from Alberta. At the end of ten months operations that company was in a position, selling gasoline 4 cents per gallon below the price asked by the Imperial Oil Company, to declare a profit of 8 per cent, a special bonus of 5 per cent, and to buy back 20 per cent of its preferred shares. In other words, it had a profit of 33⅓ per cent in a ten month period, by selling gasoline at a price 4 cents lower than that asked by the Imperial Oil Company. This company was a thorn in the flesh of the Imperial Oil Company. After trying to get rid of the independent companies by competitive prices and one thing and another, last spring an agent came from Chicago—he was supposed to be an independent agent—to buy the independent refiners. He went to one company, the plant of which was valued at $39,000, and paid $125,000 for it. In order to get their money back, the next day they shot up the prices on distillate 4 cents a gallon, and the farmers had to pay for the excess price paid for the refinery. The same thing happened in Montreal in connection with an independent refinery, known as the LaSalle Company. Three companies, formed a subsidiary company and had a man named Todd, buy the small companies in

Montreal. The head of the LaSalle Company was given a job at an enormous salary, and has nothing to do. He was recompensed in that way for selling out. The price of gasoline in Montreal was immediately raised. The excise tax of one cent a wine gallon, which amounts to 1¼ cents an imperial gallon should be taken away, and the duty on gasoline should be reduced to about one cent a gallon. A protection of 2½ cents is given, and they have the further protection of the 3 per cent excise tax. I say that this matter of gasoline prices should be investigated by the committee which up until a few days ago was sitting, and which proposes to sit after prorogation.

There is no one factor which affects our western farmers to-day more than does the price of gasoline. It affects every man who drives a small car, who has a gasoline engine or any other machinery operated in that way. I brought this matter to the minister's attention two years ago. At that time he tried to side-step the issue. Again, to-day I bring it to his attention. There was an investigation into gasoline prices, and we had all the facts before us. Some hon. members on this side tried to bring the matter before the house for discussion, but we did not have the opportunity. We were voted down, solidly, by the present government. To a man, they voted against having the gasoline situation aired, and given to the public. This is a matter of vital importance. I should like to know what other articles may be affected by this measure. There must be another long list of articles to which the federal excise tax refers. I believe it refers to cylinder oil, and I should like to know from the minister if I am correct in my assumption.

Mr. CASGRAIN: I should like to concur in the remarks—

Mr. DONNELLY: Let the minister answer.

Mr. MATTHEWS: In reply may I say that the bill refers to any article subject to excise tax in the country of export.

Mr. DONNELLY: I should like to know the names of the articles. Name some of them. Does it refer to cylinder oil?

Mr. MATTHEWS: It refers to any article upon which another government may impose a domestic tax. We have no control over that.

Mr. DONNELLY: Has the American government a federal excise tax on cylinder oil?

Mr. MATTHEWS: I am sorry, but I cannot give my hon. friend that information.

[Mr. Donnelly.]

Mr. DONNELLY: When speaking to the former Minister of National Revenue I said that it did refer to cylinder oil. This matter was brought up in 1932.

Mr. BENNETT: If it does, it does.

Mr. CASGRAIN: I should like to concur in the remarks of the hon. member for Willow Bunch. I have raised my voice very often this session to urge upon the Minister of Trade and Commerce to have the price spreads and mass buying committee carry on an investigation along the lines mentioned by the hon. member who has just spoken. The price spreads commission should consider the prices our farmers and fishermen have to pay for gasoline. Not only the farmers in the prairie provinces, but the fishermen and owners of schooners and other vessels in the province of Quebec and in the maritimes are affected. I say that the prices paid by these people for gasoline and oil are too high. Many people in my constituency have made representations along those lines, and have asked me to bring the matter to the attention of the house in order to see what can be done. I think the government would be well advised to follow the suggestion made by the hon. member for Willow Bunch to have gasoline prices investigated by the price spreads commission.

Mr. STEWART (Edmonton): There is something radically wrong with the sale of gasoline in Canada. Whether or not the remedy is to wipe out the tariff altogether, I cannot say. Last fall when I left Edmonton I paid 36 cents per gallon for gasoline. I made inquiries and discovered that it costs no more to deliver gasoline in Edmonton than to deliver it in Ottawa. Yet, when I arrived in Ottawa only two or three days later, the retail price was 9½ cents lower. There is certainly something wrong when the gasoline consumers in western Canada are called upon to pay such exorbitant prices. There is no difference in the cost of transportation from the oil fields.

Mr. MATTHEWS: This measure should lower the cost.

Mr. STEWART (Edmonton): I agree that it should; but when you are doing it, wipe it out altogether.

Mr. MANION: Is the provincial tax in Alberta higher than it is in Ontario?

Mr. STEWART (Edmonton): No, it is the same—6 cents per gallon. The fact is that in western Canada we have had to pay between 7 and 10 cents a gallon more than the people in eastern Canada have had to pay.

At the present time in this city there is a gasoline war in progress, and we buy our gas 5 or 6 cents a gallon cheaper. That has happened three or four times previously. I say these companies are not entitled to protection of any sort; they should not have a particle of protection. The way they are going after the public in Canada is an outrage and a disgrace.

Mr. MATTHEWS: I am afraid my hon. friend was not quite right when he said that this party as a party voted down that suggestion.

Mr. DONNELLY: Every member of the Conservative party voted against it.

Mr. MATTHEWS: The hon. member knows very well that his statement is not quite right.

Mr. DONNELLY: I should like to know who on the Conservative side voted for it.

Mr. MATTHEWS: Hon. members on the other side voted against it.

Mr. DONNELLY: That does not make any difference. Every hon. member on the Conservative side voted against having these gasoline prices exposed.

Mr. MATTHEWS: My hon. friend did not say that it was moved and seconded on that side of the house.

Mr. BROWN: We will attend to that.

Bill reported, read the third time and passed.

PENSION ACT AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 127, to amend the Pension Act.

Motion agreed to and the house went into committee thereon, Mr. MacDonald (Cape Breton South) in the chair.

On section 1—

Mr. BENNETT: Several difficulties have arisen in connection with this act, to which the attention of the house has been directed on more than one occasion by several hon. members, noticeably by the hon. member for Shelburne-Yarmouth (Mr. Ralston) and the hon. member for Vancouver Centre (Mr. Mackenzie). A difficulty arose some months ago and the government concluded that men were being deprived of rights without an opportunity to present their case in accordance with the well-known principle which has been established by judicial decisions in the courts of last resort. We felt that it was illegal to deprive a man of his rights without affording him an opportunity to be heard, and we so indicated to the commission. As is known to the committee, they ultimately undertook to restore to their former positions those whose rights had been taken from them and proceedings or hearings were instituted to enable the parties affected to present their cases. I understand that that has not been wholly satisfactory because of an attitude of mind, if I may use that term, which existed with respect to some of the problems. I have had the advantage of discussing this matter fully with those who officially represent the pensioners of the country in more than one of the organizations which we have in Canada. They are all anxious to avoid friction as much as possible and to improve the administration of pensions to the greatest possible extent. It is believed that with the aid of a judge acting as chief commissioner and the application of the well-known rule that he who asserts must prove the administration would be relieved of much of the difficulty which now exists. We could not have a long discussion with respect to various cases which might be misunderstood in many quarters, but we have concluded that the situation might be met by endeavouring to deal with the difficult cases in the manner I have indicated and by the application of the general rule of our jurisprudence. I have mentioned that he who asserts must prove, and that the presumptions which arise from a long-continued living together in a community of a man and a woman of repute could not be overcome except by the application of the rules of evidence as applied in the way I have just indicated. This cannot continue longer than a few months in any event, and it is believed that it affords an opportunity by administration to solve the difficulties which have been the cause of a great deal of concern. I should like to convey my thanks to the hon. gentlemen I have named for giving me an opportunity to discuss this matter with them.

Mr. MACKENZIE (Vancouver): Mr. Chairman, I have only a word or two to say with regard to this bill. I am personally in favour of the bill. My only reservation is the fact that on February 13 when this question was raised we received an announcement by the Prime Minister which was welcomed all through Canada. This matter was referred to the Department of Justice to see whether the hardships which resulted from a too rigid administration of the act could be met by administration or whether legislation

would be necessary. It has been suggested in many quarters that legislation might be necessary. There will be an interval of at least six or seven months, in all probability, before parliament meets again, and the suggestion has been made to me that possibly the act could be amended to provide that where entitlement has once been conceded, this should not be subject to alteration or reversal except on the specific ground of deliberate fraud. This would protect the marriage cases which have merit and which now stand as reinstated. It would also provide protection for all classes of entitlement cases in the future. This proposal is directly in line with the British practice and the rights of the applicant, of course, would stand as they are at present.

There is another point which has arisen and which has caused some elements of dissatisfaction. I think there should be a definite delineation of the functions of the auditor general in regard to pensions. It should be made clear that findings of law or fact within the statutory jurisdiction conferred upon the commission should not be subject to question by the auditor general. The Prime Minister (Mr. Bennett) has referred to the attitude of mind of some people, and this undoubtedly has caused some trouble. In regard to other cases which arose somewhat recently a direction was given as to the policy of the pensions commission, and I think it would be very advisable in this case that a direction should be given to whoever is appointed under the bill to give these marriage cases every possible consideration upon their merits, and that there should not be an unduly biased attitude of mind with regard to their disposal.

Mr. RALSTON: Like the hon. member for Vancouver Centre (Mr. Mackenzie) I am disposed to try the method of administration. I must say that I do so with some reluctance as I have expressed myself in this house on more than one occasion as feeling that that means could not be entirely satisfactory, particularly for the class whose interest I was specially representing, until a change can be made in the Pension Act. It seemed to me that in view of the fact that the attitude of the board of pension commissioners was what it was, plus the fact that the auditor general had seemed to consider he had a right to go there and question decisions of the board, the position of pensioners and of their dependents was extremely precarious under any administrative regulations. However, the Prime Minister has endeavoured to meet the situation with regard to the matter of personnel and I am disposed, if there is any difficulty about passing legislation, or if it is considered that legislation is not necessary, to try out an attempted revision of administration—and by administration I mean, not simply clerical work but the principles on which these pension cases are decided. I join with what my hon. friend from Vancouver Centre has said in suggesting to the Prime Minister that, in order to make the situation as definite as possible without legislation, the government or the minister indicate to the board of pension commissioners the principles on which they are prepared to have the board decide, particularly the marriage cases, and in fact any cases where there is a question as to the basis of entitlement. I suggested, in connection with the commission with which I had to do a good many years ago, that there should be no difficulty whatever in regard to these pension cases, because it seemed to me that the board of pension commissioners were pretty well advised as to what the views of parliament and of the country were, and that when they struck a snag in connection with the act, all they had to do was to go to the government of the day and intimate to them that something unforeseen, something not contemplated had arisen, and I felt sure they would have directions from the government to carry out administratively what was the intention of parliament, leaving it to the next session of parliament to amend the act. That, I submit, can be done here, and if the board of pension commissioners approach the matter in the right spirit, guided by a declaration as to the intention of parliament as we understand it, namely, that entitlement to pension should not be disturbed in cases where they have been paid, unless there has been deliberate fraud, then it seems to me that with that declaration the board of pension commissioners can proceed on firm ground. And if it is found in administering the act that there are cases in which there is too much generosity, that can be easily dealt with when parliament meets. I rather believe, however, that the trouble will have been settled if the principle I suggest is adopted, and it will be found that we have been doing just exactly what parliament intended and what the people of the country desire. Therefore, with that understanding, I accept the amendment which is proposed in this act and I am willing to accept the Prime Minister's suggestion that an attempt be made to carry out the Pension Act and deal by way of administrative action with the cases in connection with which there has been hardship. Subject to these two reservations I accept the Prime Minister's suggestion, two reservations

with which I think the Prime Minister will agree: The first is that there should be a definite declaration by the government or the board as to the principles on which they are expected to proceed in connection with any proposal to change the basis of entitlement, and secondly, if that administration does not result satisfactorily between now and next session, that the act be amended accordingly and made retroactive.

Mr. ROSS: I support some of the statements just made. If the Prime Minister had been at home at the time I brought this matter to the attention of the government last November and December, pointing out to them that a campaign was under way along this line, perhaps a good deal of suffering and injustice might have been prevented. But the acting Prime Minister at that time said to me that no action could be taken nor any change made. There is another matter to be considered in addition to the marriage question, and that is the practice of going back on medical records to discover some little point on which they can upset a pension. I might bring to the attention of the Prime Minister one example. A certain ex-service man had received a pension for epilepsy. In reviewing the case an official of the board found that he had suffered from dizziness when eleven years old and therefore it was decided that his pension for epilepsy must be discontinued. There is nothing more ridiculous in the whole history of pensions than that example, but it is only one of very many. I trust that, as the last speaker said, a declaration will be made by the government, or a gesture from this House of Commons, which will bring about a different attitude of mind towards the treatment of these cases.

Mr. SPEAKMAN: In common with other hon. members who have spoken, and having been made familiar with the situation, I had hoped for and looked forward to the introduction of some specific legislation to correct the point at issue. I realized however that that might be very difficult and further that it was the almost unanimous opinion of returned men's associations and of this house that the legislation itself as at present on the statutes was fairly just and satisfactory, the question being rather one of administration. That being so, I am prepared to accept the present amendment, trusting that a change in administration in these respects will bring about the results for which we have been looking. I do not think there is any question, from expressions of opinion in this house from time to time, as to the general view of parliament on these matters and the feeling that this law should be interpreted and administered in a reasonably sympathetic manner and not in a manner which would open it wide to unreasonable application. What is needed is a sympathetic interpretation in accordance with the intent of the various committees of parliament that have studied the subject and of parliament itself as a whole, and that intent as expressed by different members leaves no room for doubt in the matter. I assume that these peculiar cases, where they have been in good standing for many years and where recently a change has been made or suggested without additional evidence having been adduced, and in regard to which the attitude of the pension board has been so strongly criticized, will be dealt with by the acting chairman and dealt with, I hope, in a sympathetic manner in accordance with what I conceive to be the obvious intent of parliament, expressed so frequently in committee and in the house, as to the real meaning of the act. If that is done, I think the bulk of the trouble will be obviated. And if we then find that administration alone, however sympathetic or judicially proper, does not serve to correct one or two difficulties that still remain, it will be time at the next session for an amending act to be introduced which will put the matter completely beyond doubt. In the meantime, with others, I am prepared to accept the amendment in the hope, shared by all including the Prime Minister, that these various matters of discontent will be satisfactorily dealt with and that our pension legislation and administration will be placed on a proper and sure foundation.

Mr. VENIOT: Might I be permitted, before this goes through, to say that I agree with the suggestion made to try to remedy the abuses in the administration of the Pension Act? But from my experience before the pension commission in numerous cases, I do not believe we should wholly blame the pension commissioners. If we look carefully into the matter we shall find that the medical boards outside Ottawa, established in the different provinces, are greatly to blame for the way in which they make their reports. I have a case in point where a certain medical board—I do not want to give any names—have had a case outstanding before them for several years. This applicant, who has been receiving a small pension and who is applying for a larger one, they have trotted back and forth from one medical board to another and from one province to another and the reports are so

conflicting that it is almost impossible for the commission to reach an honest and proper decision in the matter. I wish to state right now that my experience in connection with certain medical boards in the dominion has been that they are not doing justice to themselves nor to the applicants. I know of the case of an applicant who after travelling all night and all day, gets before a medical board at ten o'clock in the morning and is not attended to until three or four o'clock in the afternoon. When he gets there in the morning, there are no doctors present although there should be, and that man is kept waiting, without anything to eat, until two or three o'clock in the afternoon. Then, instead of giving him a full medical examination, they merely talk to him, discuss his case with him and then send him away. After this a report goes in that there is nothing wrong with the man.

I know of several cases and I have the facts in regard to one under my hand. This man was sent from a medical board in New Brunswick to a medical board in Quebec. The minute he got to the latter place he was put into a cell for mental cases although according to the report of the medical board in New Brunswick there was absolutely no sign of any such trouble. For three days he was kept in a cell with iron bars across the window and without seeing a doctor. The nurse in charge took pity on him and pleaded that a doctor be brought to attend him. Then when the report was sent back there was a great deal of doubt as to the hysteria from which it was claimed this man was suffering. This man went back to his native province and since that time he has passed a couple of medical boards. He went before a medical board; he was taken in and after two or three days he was told to go back because there was no room for him; there were others to come in and he had to go home. As he required treatment he had to go to a private hospital and employ a doctor to attend to him. Instead of the pension hospital doing this work, this doctor gave him hospital attention free. I have absolute proof of this; I know whereof I speak; I have the record of the doctor who attended to this man in the private hospital and this doctor is one of the leading physicians of the province in which this medical board sits to-day. I have reported those facts to the commission; I was before the commission yesterday; I looked over the reports and when I drew the attention of the doctors on the commission to the record of this case and they reviewed it, they did not know what to say about the matter. They were surprised to find that the case under examination revealed such a condition of affairs. Therefore I say that the commission at Ottawa is not always to blame for what are called injustices to the returned men. We must have a reorganization of the medical boards in the different sections of the dominion in order that at those medical boards those returned men will get at least a modicum of fair play and not be treated as they have been.

Mr. MacLAREN: Would the hon. member for Gloucester kindly furnish me with the names so that the case that he cites may be considered?

Mr. VENIOT: I gave the names to the board of pension commissioners yesterday and in doing that I thought I had done my duty. I am not going to go any further.

Mr. MacLAREN: Will he not also furnish the minister with the names because it is impossible to make any investigations into complaints and into that case until full particulars are available.

Mr. VENIOT: I am endeavouring to give fair play to the board of pension commissioners at Ottawa; they are not always to blame.

Mr. MacLAREN: I am not reflecting on my hon. friend, but I am asking that I be given an opportunity to look into this case personally and I can do so only if he will kindly let me have the names.

Mr. BENNETT: I should like the hon. gentleman (Mr. Ralston) to know I have taken up with the auditor general the questions to which he has referred. The auditor general directed my attention to the fact that under one of the provisions of the Audit Act he is entitled to make inquiries for the purpose of ascertaining whether he is warranted in issuing his cheques. He gave me a number of cases which I in turn reported to the commission and which were cases that went back to the very start of the commission and possibly the basis of entitlement was not quite as clear then as it is now. But I endeavoured to point out to the auditor general that I did not think his function was to determine the sufficiency of the evidence on which entitlement was predicated but rather that it was whether or not a judgment was arrived at and if so he had reason to feel that he had satisfied himself that the country was properly paying the pension in question until further action was taken by someone else.

There is one other case, other than fraud, which possibly has some effect upon matters of that kind and that is "common mistake." There are a few of those cases that have come to my attention and I suspect the commission has no alternative but to act when by common consent there has been a misstatement that is not fraudulent but which arose from a misunderstanding of something, that amounts in law to an ordinary mistake.

Mr. POWER: I have no objection whatever to the passing of this legislation which in all deference I submit has nothing whatever to do with the matters which we have been discussing on both sides of the house. This bill simply provides that in the case of a vacancy arising in the chairmanship of the commission, the government may appoint a judge of the superior court temporarily to fill that place. When the matter was being discussed in the house before, I did contend that legislation should be introduced in order to clear up those marriage and other cases. I do not know that you can change a law by changing the judge; it is the law and not a change in the person who interprets the law that requires amendment. As to the suggestion made from this side of the house that the government or the minister should issue instructions to the board of pension commissioners, may I say that I do not think that should be done. The board acts under the authority conferred upon it by parliament. It is supposed to be and so far as possible can be independent of this or any other government.

Further instructions, as full and as complete as it was possible to frame, were placed in the statute, I think it is section 73, that the board of pension commissioners should under all circumstances give the benefit of the doubt to the soldier who made application. Those instructions have not been followed out, possibly for some legal reason or because the law was not properly drafted. If it was not properly drafted, it should be redrafted and amended so that the will of parliament will be imposed upon the board. Personally I cannot see that the fact of changing the judge will have any effect in legalizing these so-called marriage cases and in giving to the people with reference to whom complaint has been made, the rights to which they are entitled.

Mr. RALSTON: I want to say a word in reply to what the hon. member for Quebec South has said. This is the way in which the matter strikes me with regard to marriage cases. The pension board is authorized to pay pension to a man on account of his wife. That is what the act says. Wife I presume means legal wife. The question of administration is, how much evidence shall the board of pension commissioners require as to the legality of that marriage. I submit my hon. friend is wrong when he suggests that we have put full instructions in the act. We have told the board that they may pay on account of the legal wife. The act as it stands is perhaps deficient because it does not provide that they may pay to what is known as a common law wife when the soldier is living. In the case of death there is a provision that payment may be made to a so-called common law wife, but there is no provision that they may pay to a soldier an additional allowance on account of a common law wife where the pension is a disability pension. I come back to this: I think what the Prime Minister is suggesting is that in the matter of administration, that is to decide how strict they shall be in connection with the proof that a woman living with a man is his legal wife, there may be some latitude. As to that I am suggesting that directions should be given to the board that where a pension has been awarded, where the board of pension commissioners has admitted by payment of pension that the woman is the wife of the man, unless deliberate fraud has been proven that decision shall not be disturbed or reversed, and that shall apply to the period back of the time when this wholesale review took place whereby hundreds of people were cut off who had been receiving pension before for many years. My hon. friend from Vancouver Centre (Mr. Mackenzie) mentions the date of February, 1933. But I think the Prime Minister has found some which go back beyond that, and I have sent him some myself. At any rate we know that in 1932 and 1933 there was a general, almost wholesale review, with the result that the board of pension commissioners tightened up their requirements regarding proof by saying to the pensioner, You have to prove that your marriage is not adulterous. That is about the effect. Up to the time these revisions were made we have taken it that the woman you have been living with is your wife, now we find that previously you had another wife and we are going to put on you the burden of proving that you are not living in adultery. It seems to me that the board of pension commissioners should be instructed that where they have admitted by payment the legal relation between the man and the woman with whom he is living, that position should not be disturbed unless deliberate fraud is proved. That is my answer to my hon. friend from Quebec South (Mr. Power) when he suggests that we cannot make any change by administration. If that is not sufficient

we shall have to pass legislation, because I believe the country intended that the same rule should apply with regard to pension payable on account of disability, as to pension payable on account of death, namely that the woman with whom the man is living, who has borne his children, who has carried the responsibilities of wifehood, should receive the benefit of the pension which this country intended for the returned man and his dependents.

Mr. BENNETT: You are eliminating from discussion the bigamous situation?

Mr. RALSTON: Yes, I am discussing particularly the so-called marriage cases.

There is another class of cases interfered with by the auditor general. It is a most serious situation. That is, a man has been awarded a pension for a disability which was supposed to have been incurred during service. The auditor general has got in and rustled around among the papers and dug up files and medical reports and has come to the conclusion himself, gratuitously, that that man had some disability before enlistment and therefore what he has now and the thing for which he is pensioned is only an aggravation or increase of a pre-enlistment disability. While the Prime Minister calls attention to the fact that I am not referring to the bigamous cases; this is another class of cases in which the board has admitted from the time they started paying pension that the man had a war disability, not an aggravation, and was therefore entitled to the full amount. I say the board should not be allowed to interfere at this late stage with that and cut off pensions and start recovering back pension.

Mr. ROSS: Is not that the class of case to which I referred?

Mr. RALSTON: Yes, my hon. friend from Kingston (Mr. Ross) is quite right. I only mentioned it now because the Prime Minister spoke of my having dealt particularly with the marriage cases. I say the class to which my hon. friend refers are equally meritorious in the sense that they may be dealt with by administration if the board just exercises good common sense and endeavours to carry out the spirit of parliament.

Two things further. First the Prime Minister worried me a little by his reference to the fact that there should be an exception in cases of common mistake. I did not quite understand what he meant in that respect.

Mr. BENNETT: Substantially what you would mean in a contract action where mistake applies. The same as I would mean if I were in a court of law setting up mistake as defence in an action.

Mr. RALSTON: My hon. friend knows that in cases of innocent mistake very often that is not a defence. I am thinking about those cases of innocent mistake, common mistake, as the Prime Minister calls it. The board of pension commissioners say: We were mistaken, we thought that woman was his wife from the evidence produced—

Mr. BENNETT: And he did, too.

Mr. RALSTON: Yes, he says, I was mistaken too. I went through a form of marriage, I thought the other party was dead, or the divorce legal, or something of that kind. That is the case I am very much concerned about. It seems to me that if we except that case—and I do not think the Prime Minister intended to—from the beneficent instruction in connection with administration which we propose to give we would be throwing the door wide open, which we are trying to close.

Mr. BENNETT: I want to make clear that two wives cannot be getting pension at the same time in respect of the same man.

Mr. POWER: That has been done. I mean legally and properly. I think it will be found that a common law wife living in England, who had lived with the soldier in England and had children by him, actually drew pension on behalf of those children and probably on her own behalf, whereas the wife living in Canada also drew pension. But I think a division was made so that each had her share so to speak, according to her interest in the deceased soldier.

Mr. BENNETT: I was talking about the case where the soldier is not deceased, but a living man.

Mr. POWER: I am not quite sure of that.

Mr. BENNETT: I do not think there is a case of two women receiving benefit as wives in respect of a living soldier.

Mr. POWER: Not as wives.

Mr. RALSTON: My right hon. friend has reassured me. If he is referring to the cases in which otherwise pension might be paid to two wives at the same time—

Mr. BENNETT: That is what I have in mind.

Mr. RALSTON: But if he is referring to the cases where there is a mistake on both

sides, those are the cases I am trying to protect. I understand the Prime Minister to say it is not intended to except those cases.

Mr. BENNETT: As a matter of fact I have not dealt with that state at all. I was trying to make clear that what was giving me concern was that we should not be paying pension to two women as wives of a living soldier. I am in difficulty though in view of what the hon. gentleman has said as to the question of the auditor general. The Consolidated Revenue and Audit Act does permit him to draw files for the purpose, as I submit, of deciding whether or not there was a legal basis for the payment. As to whether he would arrive at the same conclusion as to pensionability as someone else, I submit he has no right to deal with that—none at all. In the absence of fraud—of course, fraud vitiates everything. I have not heard anything further, I think it is probably now in process of adjustment. One case was very early in the history of pensions. His investigator in the course of investigation discovered something that seemed to indicate that the pension had been paid on a wrong basis. In my judgment that is not competent for him at this time.

Mr. RALSTON: The other suggestion I want to make is this: the right hon. gentleman understands that we are endeavouring to carry out what we believe to be the wishes of the country, and at the same time we want something that is satisfactory to those who officially represent the ex-service men. I have not had an opportunity of discussing this matter in order to find out whether or not the Prime Minister's suggestion is satisfactory to the officers of the Canadian Legion —to speak frankly—which I regard as by far the largest and most representative body of ex-service men, without in any way minimizing the efforts of the many others who are engaged in that sort of work. Can the Prime Minister tell me if the suggestion of endeavouring to meet the situation by administration, for the next year at least, is satisfactory to them?

Mr. BENNETT: That is my understanding, from my conversation with the president. I talked the matter over very carefully with him. I explained how difficult it might be at this time to endeavour to deal by legislation with matters of such a delicate character as those to which we have been referring. He told me they were content with the law, but that the administration of the law by a person without judicial experience—if I may put it that way—had brought about the difficulties, without questioning in any sense the high integrity and excellent character of the individual in question. I then asked what he thought should be done, and he suggested that the services of a judge might be utilized, who would understand what the hon. member for Shelburne-Yarmouth (Mr. Ralston) has just stated. In nine cases out of ten, a witness is called and he says, "I saw him with his wife." That is the general reputation in the community; that is the woman with whom he lives and by whom he has children. Under our common law there is a presumption which a judge well understands. It is a rebuttable presumption, but it gets back to the principle I mentioned a moment ago. He who asserts must prove; if it is asserted that it is not a proper marriage someone has to prove it, instead of putting the onus on the man who, to all intents and purposes, is living the normal life of a married man. This administration on the basis of judicial experience and the application of the general principles of our common law will bring about these improvements. The president of the legion left the city yesterday, but he sent me a note indicating that he thought just as the hon. gentleman thinks, that this creates a situation which will result in curing, by administrative means, many, though we cannot say all, of the evils complained of.

Mr. RALSTON: Would the right hon. gentleman consider the suggestion that has been made, in regard to preparing some memorandum for the board?

Mr. BENNETT: I have a little hesitancy about that, together with the hon. member for Quebec South (Mr. Power), but on the other hand I am not unwilling to make a statement to the chairman of the board when he takes over his duties, along the general lines mentioned by hon. gentlemen. I would not like to put myself in the position of endeavouring to indicate to anybody what they should do, but I will take the responsibility of indicating that it is the will of parliament that the broad principles indicated should be applied, if they can be applied within the law.

Mr. RALSTON: If I might suggest it I would go further and say that if they cannot be applied within the law the government should be supplied with a memorandum accordingly, indicating the appropriate amendments which should be made, and I would suggest that these amendments should be retroactive.

Mr. POWER: I think that would be a most dangerous proceeding.

Mr. BENNETT: I hope the hon. gentleman does not wish me to commit myself to the last part of his remarks. I have already indicated that I propose to ask the chairman to keep a close record, almost in the nature of a diary, from the time he takes over, indicating any difficulties in the law as he administers it, so that we may be able to understand what the difficulties are. I could not commit myself to the other phase of my hon. friend's suggestion at the moment.

Section agreed to.

Bill reported, read the third time and passed.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 128, to amend the Canadian and British Insurance Companies Act, 1932.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. MacDonald (Cape Breton South) in the chair.

On section 1—Investments of company's funds.

Mr. BENNETT: Section 63 of the act indicates the investments which may be made by companies, and those investments include debentures, debenture stocks or other evidences of indebtedness created by a statutory charge instead of by a trust deed. It provides that in cases where for ten years there have been uninterrupted payments of charges, such debentures or debenture stock may be available for investment. I believe there was thought to be no question about it, but a question has arisen. Inasmuch as some of the insurance companies had made engagements to acquire some of the debenture stock recently issued by the Canadian Pacific railway it was thought advisable to make it clear beyond peradventure that this is so. I state the case frankly to the committee.

Mr. MACKENZIE (Vancouver): I see no objection at all to the amendment. I think the security provided is more ample than in most other cases.

Section agreed to.

Bill reported, read the third time and passed.

REPRESENTATION ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 116, to amend the Representation Act.

Motion agreed to, bill read the second and third times and passed.

ELECTION AND FRANCHISE BILLS

Mr. BENNETT: The printed bills have just been placed in the hands of the minister, and we will be in a position to take them up at three o'clock. They did not come from the printing bureau until this morning. There is one amendment which is not yet completed.

Mr. POWER: Have the franchise bill and the elections bill been reprinted?

Mr. GUTHRIE: The amendments are printed in the elections bill. We are not going to reprint the franchise bill.

Mr. POWER: Some further time might be desired if we made a decision on the principle of the amendment suggested by the hon. member for Comox-Alberni (Mr. Neill) and introduced by the minister. We might save some time if we decided now whether or not the principle of the amendment is to be adopted.

Mr. GUTHRIE: That amendment is standing for consideration, and the other clause regarding the salary of the franchise commissioner is standing.

Mr. POWER: Could we decide the principle of the amendment before one o'clock?

Mr. GUTHRIE: Very well, we shall do that.

DOMINION ELECTIONS ACT

The house resumed consideration in committee of Bill No. 115, respecting the election of members to the House of Commons—Mr. Guthrie—Mr. MacDonald (Cape Breton) in the chair.

Mr. GUTHRIE: There is an amendment to section 99, respecting absentee voters.

Mr. MACKENZIE KING: Mr. Chairman, so far as I am personally concerned I am prepared to support the amendment. I think however, having regard to the very limited time we have had to consider the matter, every hon. member should feel perfectly free to take his own position on the amendment, so far as a vote is concerned. I am prepared to support the amendment, but I should like every hon. member to exercise his own judgment.

Mr. IRVINE: Was the alteration suggested by the hon. member for Winnipeg North Centre, in regard to another group, added?

Mr. GUTHRIE: We disposed of that last night by a negative vote.

Mr. IRVINE: Was it considered last night?

Mr. GUTHRIE: Yes.

Mr. MacINNIS: So far as I can remember there was no vote taken last night. An amendment was suggested, but no action was taken.

Mr. ELLIOTT: With regard to the amendment read last night by the Minister of Justice I wish to state that after having given the matter some consideration I do not think it is the kind of legislation this house should pass in these late hours of the session, when we have not had an opportunity to consider carefully the election possibilities such an amendment might involve. There is a great deal of detail which should be considered. The amendment would provide that people may vote in a riding in which they are not known, and I believe it is a practice which would tend to election irregularities. Personally I am opposed to the amendment.

Mr. NEILL: In answer to the hon. member who has just said that we are passing the amendment at a late hour of the session, may I say we are passing the bill at a late hour, and one is complementary of the other. The usefulness of the bill will be seriously invalidated if the amendment is not passed.

May I point out further that this legislation was enacted by the Liberal party in British Columbia in the year 1920, and when the Conservatives took office in 1928 they did not see fit to make an amendment. There was some trouble in the earlier years, and the privilege was abused. However when the abuse was discovered a very definite check was effected. For the last eight years the Liberals and the Conservatives have united in their acceptance of it. While many complaints were made about the last campaign, there was never a whisper about anything wrong with the absentee vote or the way in which it was operated.

A great deal of the opposition to this amendment comes from hon. members who are not familiar with the details. The amendment contains a great deal of language, some of which may be unnecessary, but all of which is quite simple when you understand it. I heard one hon. member say that he could not support the idea of telegraphing the vote, and that such a procedure was ridiculous. But when I explained to him that the only telegraphing done was done by the returning officer who merely wired the number of votes cast, he was quite satisfied to accept the suggestion. If hon. members would take the trouble to study the suggestion I think they would be thoroughly satisfied with it. If we are going to have what the right hon. Prime Minister and the right hon. leader of the opposition spoke about only the other day, namely the inherent right of every qualified person to vote, we certainly need this provision. The arrangements with regard to fixed or permanent voters lists would not have been accepted in British Columbia if it had not been accompanied with the right to have the absentee vote. In order to make the provision acceptable to our eastern friends it has been considerably modified. The amendment proposed affects only four classes, namely miners, lumbermen, fishermen and sailors, and I suggest that it will have very little effect in the cities about which hon. members from the province of Ontario have been speaking. The same would apply to the big cities in the province of Quebec. If this provision does not pass it will leave a sore spot in British Columbia which will be remembered for a long time. I repeat that this provision is corollary to the permanent voters lists, and I repeat that that system would never have been passed in British Columbia but for the right of having the absentee vote. Some people think the word "transients" suggests hobos, and people of that sort. It is nothing of the kind. It is no crime to have to earn your living away from home and by the methods I have indicated. There is no suggestion that these people are of a low standard because they have to go away to earn their living. Surely they are entitled to a chance to vote.

Mr. MACKENZIE (Vancouver): I hope we may be able to dispose of this amendment before the house rises at one o'clock.

Mr. RALSTON: Or before we call it one o'clock.

Mr. MACKENZIE (Vancouver): I must support the amendment introduced by the hon. member for Comox-Alberni. I happened to be in the British Columbia legislature when the first amendment was introduced by Mr. Oliver, personally. He framed the act, himself. The act as at first conceived was not fool proof, and in 1924 we had distinct and sweeping allegations of irregularities. In 1925 both parties in the legislature got together, both Mr. Hinchliffe and Mr. Oliver, and drew up an amended bill upon which is based the present amendment. The difficulty with the first measure in British Columbia was that

there was no provision whereby the returning officer could send the results of the absentee poll; in other words, the candidate did not know on the night of an election how many votes had been recorded in absentee polls. Under the new legislation however the results are sent by telegraph, and I cannot see any possibility of irregularities. I am in favour of the present amendment.

Amendment agreed to.

Section as amended agreed to.

Mr. POWER: I should like to give notice of an amendment, but I do not wish the minister to think that I am going to insist upon the discussion of it now. The amendment is to the effect that the registrar shall strike from the permanent list prepared at any general registration or annual revision the names of persons who did not vote at the last election. The purpose of the amendment is to keep the list clear, and to effect some form of compulsory voting. I shall not read it, but with the permission of the committee I shall place it on Hansard. Of course I do not expect it will be dealt with at this session, but I shall ask the minister to consider it during the recess. I would ask hon. members to read it, and if it is not satisfactory as drafted they may offer their suggestions. I should like to have a consideration of the principle involved, namely that of striking off the lists the names of persons who have not voted at a preceding election. This is the practice in British Columbia, and I believe such a change would meet the wishes of a great many people throughout the country who believe we should have some form of compulsory voting.

Mr. GUTHRIE: If the hon. member would put it on Hansard I am sure all hon. members, including myself, would give it consideration. It raises an important and interesting point.

Mr. POWER: It provides that a name shall be struck off the lists if a person has not voted at a preceding election, and also provides for reinstatement on taking an oath.

Mr. STIRLING: And automatically takes dead people off the lists.

Mr. WOODSWORTH: Is there provision for sickness?

Mr. MACKENZIE (Vancouver): Yes, there is exemption for sickness.

Mr. POWER: I shall hand the suggested amendment to Hansard, so that it may appear in the proceedings:

That section 28 be amended by adding thereto the following sections:—

[Mr. I. Mackenzie.]

(k) The registrar shall strike off from the list prepared at the general registration of voters, or at the last annual revision, the names of all voters who from an examination of the books kept pursuant to section 42 (b) of the Dominion Elections Act, 1934, are found to have failed to tender their votes at any election held in the electoral district since the completion of the general registration or the last revised list of voters; provided, however, that except where the voter is otherwise debarred from voting by reason of any disqualifying provisions of the Dominion Franchise Act or of the Dominion Elections Act, he may apply for reinstatement, and shall be reinstated by making application as hereunder provided.

(2) Any voter whose name is liable to be struck off from the last revised list of voters under clause (k) of this section may at any time during the sitting of the court of revision file with the registrar an affidavit in support of his application for the reinstatement of his name on the list of voters. The affidavit shall be in Form .

Form

(Section 28 (k) (2))

Affidavit in support of application for reinstatement as a voter

I, do hereby apply to have my name reinstated on the list of voters for the electoral district of and I do hereby make oath and say (or solemnly affirm):—

1. That I now reside at No. street, in the of in the province of .

2. That I am registered as a voter in the said electoral district, but I am liable to have my name struck off from the list of such voters under clause (k) (1) of section 28 of the Dominion Franchise Act.

3. That I am in no respect disqualified from being registered as a voter in the said electoral district.

Sworn (or affirmed) before me at in the province of this day of 19 .

. . . . . .

(Deponent sign here.)

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. GUTHRIE: I think Bill No. 115 is ready to report. The last amendment was carried and that is the only one left.

Bill reported.

Mr. POWER: I think we should see the amendments before the bill is read the third time.

Mr. GUTHRIE: We can let third reading stand until later.

Mr. POWER: I would call the attention of the minister to the fact that all the amendments are not in. Form 19 does not conform to the amendment suggested last evening.

Mr. GUTHRIE: The forms are being examined by Mr. Troop, the law officer, and Mr. O'Connor. I am assured that they will be ready before the bill goes to the Senate.

DOMINION FRANCHISE ACT

The house resumed consideration in committee of Bill No. 101, respecting the franchise of electors at elections of members of the House of Commons—Mr. Guthrie—Mr. Smoke in the chair.

On section 5—The commissioner and his staff.

Hon. HUGH GUTHRIE (Minister of Justice): There is only section 5 to be considered. There is a blank in subsection 3 in connection with the annual salary of the commissioner. I now move that that blank be filled in with the words "ten thousand dollars." I am moving also that in line 16 the following words be deleted, "and be entitled to superannuation." As soon as this bill has received its third reading a motion will be moved to appoint Colonel John Thompson as chief franchise officer. As the committee is well aware, for a number of years Colonel Thompson has been chairman of the pension commission, and there is no provision for superannuation in connection with his present appointment. Under this section he will be entitled to the same conditions as a judge of the Supreme Court of Canada. Until a judge has served fifteen years on the bench there is no provision for superannuation except for retirement through physical or mental incapacity. An arrangement is being made with Colonel Thompson to place him on a superannuation basis, but in order to do so he will have to make certain payments to the superannuation fund to cover the last fifteen years during which he has occupied his present position. These arrangements are now in process of completion and when completed it is proposed to place him on a basis of superannuation, permitting him to count the time served as chairman of the pension board for superannuation purposes. This need not delay the bill as I believe this arrangement is quite acceptable to the gentleman.

Mr. CHEVRIER: I have no objection to that but in some ways this means to be a discrimination which probably in course of time and in the course of events will be rather hard to defend. It is a discrimination as far as certain other servants in the employ of the government are concerned. This is being done for this particular official and it is to be regretted that the recommendations of a certain committee were not concurred in so as to permit the same treatment being accorded to other long-time employees in the civil service. I think the government would be well advised to have but one rule for all its employees.

Amendments agreed to.

Section as amended agreed to.

Bill reported.

Right Hon. R. B. BENNETT (Prime Minister) moved the third reading of the bill.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): While hon. members on both sides have worked together, I think very effectively, to improve this measure from the form in which it was originally introduced, I feel it is unfortunate that it is necessary to conclude our efforts by those on this side being obliged to take very strong exception to the change made by the government in the method of the appointment of returning officers. It is not in this bill, but the franchise commissioner is appointed under this bill and the power which was formerly exercised by the chief electoral officer is hereafter to be exercised by the governor in council. I for one had the impression, when the franchise measure was introduced, that it was understood there would be a new officer in the person of the franchise commissioner and that while he would have the appointing of revising officers, the chief electoral officer would remain in control of the electoral machinery and that the appointment of returning officers would continue to be under his direction: in other words, that there would be something of equality as between these two officers representing in a way the shades of opinion, speaking again very broadly, which are generally prevalent in the country. I do not know why the government has changed from what I believe was its original intention in that regard. Certainly I for one had that impression—

Mr. GUTHRIE: Not after the first meeting.

Mr. MACKENZIE KING: I had very strongly the impression that the chief electoral officer would continue, and I believe it was not until the Minister of Justice himself at a later stage told us in this house of the changes that were to be made in the general election act that any of us had the idea that the appointment of returning officers was to be brought again under the governor in council.

For many years past there has been a difference of view between the hon. gentlemen opposite and ourselves as to the appointment of election officials. We have held that election officials should as far as possible be non partisan and chosen where possible from persons holding particular positions rather than that their appointment should be made on a party patronage basis; and certainly, so far as the Liberal party when in office is concerned, we have proceeded along the line of endeavouring to secure in the appointment of returning officers persons already holding public offices, whereever that was possible, and so far as was possible officials who would be acceptable to members on both sides of the house. I think a most unfortunate departure is being made at the present time.

Under the British North America Act, 1867, section 42, appointment of returning officers was in the discretion of the governor general, which meant of course the governor in council.

Under the first Dominion Elections Act, 1874 (37 Vict. chap. 9) discretion was taken away from the governor general and the writ issued to the sheriff or registrar of deeds for the electoral district. The governor general had power to choose only in districts where there were no such officers. This was, and still is, the position in Great Britain.

In 1892, the governor general was given discretion in the matter of the appointment of deputy returning officers, and that continued until 1925; but in 1925 the law was amended to provide that returning officers, instead of being appointed for the particular election, should hold office during pleasure like other servants of the crown. That certainly is a position which it seems to me this parliament ought to seek to maintain—to secure in returning officers those who will feel that their continuance in office is not dependent on the particular administration in power, but rather that they are like other public servants, holding office during pleasure and, presumably, indefinitely, on the condition of good behaviour and the satisfactory discharge of their duties.

Mr. BENNETT: They only work six weeks in four years.

Mr. MACKENZIE KING: Yes, but the principle remains the same, whether it be six days or six years or sixty. It is a question either of trying to maintain a civil service independent of patronage or of resorting to the patronage method in as many directions as possible. While in 1925 the Liberal administration of that day adopted the practice I have just mentioned, the shadow government of the Right Hon. Arthur Meighen, a year later took office. Though holding office only for a few weeks in that time they changed that arrangement, and under the Meighen government most of the appointments of returning officers made in 1925 were cancelled and new officers were appointed. When the Liberal administration came back into power and before the general election of 1930 the discretion and the power of recommendation was taken out of the hands of political parties and appointments were placed entirely under the jurisdiction of the chief electoral officer. That was evidence of a desire to secure strict impartiality as between all parties in the choice of returning officers, and I think the chief electoral officer did endeavour in making his appointments to see that those who were appointed would be persona grata to members on all sides of the house. The amendments this year take this discretion away from the chief electoral officer and restore it to political partisans. That is a very serious departure from what was an exceptionally good rule to follow. I have in my hand a statement which serves to illustrate the non-partisan character of the appointees under the late Liberal administration. I will not read it now but it may be given later. What I rise for at the moment, before the bill passes, is to protest as strongly as I can against this return to patronage in the appointment of returning officers. It is conclusive evidence that the government is seeking to get the whole of the electoral machinery into its own hands and under the control of its own partisan appointees, in a manner which cannot fail to occasion lack of confidence in the method of administering the electoral act.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Last night I took strong exception to the passing of the clause which disqualifies among others a sect of the Doukhobors resident in British Columbia and also the descendants of any such Doukhobors. I do not think it is necessary for me to repeat what I said then. I feel it is an exceedingly dangerous proceeding. The Doukhobors are not a race but a religious sect. It is dangerous to disqualify certain people because they belong to a particular religious sect. It may be extremely difficult to ascertain just who are Doukhobors because they cannot be judged by their nationality. Further than that, this section seeks to make the descendants of certain religious believers follow of necessity the religion of their fathers, and to disqualify them whether or not they wish to follow that religion. It seems to me an exceedingly dangerous pro-

posal, and without covering the ground again, in order that the matter may be placed before the house for decision, I would move that the bill be not now read the third time but that it be referred back to the committee of the whole with instructions that they have power to amend section 4 by striking out (xii) of subsection (1). That motion is seconded by Mr. Jacobs.

Hon. W. R. MOTHERWELL (Melville): I presume that one can discuss this amendment for a moment or two. I approve of it. I think it will be a standing disgrace to this none too graceful session, so far as legislation is concerned, if this amendment is not accepted. There is one significant matter that I wish to call attention to, without going over the ground I covered last evening. I am not going over the ground that I went over last evening. But, Mr. Speaker, did you notice the two hon. members on the other side who got up to defend this outrage and to defend the government? The hon. member for Yale (Mr. Stirling) and the hon. member for West Kootenay (Mr. Esling) were, according to my recollection, the only two hon. gentlemen to defend the government's disfranchisement of the Doukhobors. Was there any particular reason for these two hon. gentlemen defending this legislation? Are their seats, as good Conservative ones, in danger? Is this the location of these Doukhobor settlements—in Yale and West Kootenay? If it is, then it would have been very much better for them if somebody other than they had stepped forward and tried at least to defend the government's outrageous legislation in this respect. I feel so strongly on this question I scarcely dare trust myself to talk about it at all. To think in Canada in this day of grace, when we are trying to develop a better civilization, anybody or any government would dare to do such a thing is past my comprehension.

I did not mention all the minorities to whom this legislation might be applied. We have our Mennonite brethren also holding peculiar religious tenets; my deskmate (Mr. Euler), I understand, is a third generation Mennonite. Is the government going to follow these third generation Doukhobors to heaven and gone, I will put it in that way, and disfranchise them all the way? How many crosses will it take to get the Doukhobor blood out of them and thereby qualify them for citizenship? If peculiar people are going to be disfranchised, how many of us will be left with the franchise? The world is full of extraordinary religious sects. I have heard of people in a very prominent religious denomination who actually would not worship with other denominations such as the Methodists and Congregationalists. Is the government going to disfranchise them too? It will come pretty close home to the Minister of Justice, if they do. So, I say, beware of establishing a precedent of this nature that because people entertain strange religious views, this entitles them to disfranchisement and they are not to be called citizens of Canada. That is all I have to say; I am merely warning the government, when they make a precedent of this nature, how very far-reaching it is and no man knows for instance, upon whose head the disfranchising axe may next fall.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I must say half a dozen words on this subject. This has nothing to do with religion in any way, shape or form; it has nothing to do with the religious beliefs of the people in question in any way, shape or form.

Mr. MOTHERWELL: With what has it to do, then?

Mr. BENNETT: It has to do with the fact that these people have openly and successfully, mark you! defied Canada and the laws of Canada. They simply said: We will not be enumerated as citizens of Canada and they have succeeded, I am sorry to say, in preventing their names from being recorded as citizens. If they are unwilling to be recorded as citizens they are not going to vote as citizens. That is all there is about the matter.

Let us look at the situation. In every statute that has ever been passed in this country dealing with the franchise, there have been disfranchisements. It must be within the memory of most hon. members that in Nova Scotia while the late Mr. Fielding was premier of that province, no dominion civil servant could vote; every dominion civil servant was disfranchised in that province.

Mr. MOTHERWELL: If that was the law then, this shows no advance.

Mr. BENNETT: That was the law. In all our statutes concerning dominion elections there are disfranchisements of certain named individuals. In the province of Quebec women cannot vote; they are disfranchised; every woman is disfranchised in the provincial elections in Quebec. Is that a blot upon the civilization of that province? Quebec has said: We do not want our women to vote.

They have a perfect right to say that and, what is more, the people have approved that action on more than one occasion.

Mr. JACOBS: We do not observe that in our dominion franchise with regard to the women of Quebec.

Mr. BENNETT: Exactly; that is what I say, but in Quebec they do not permit the women to vote in provincial elections. I am only answering the argument that this is an effort to disbar a person for a particular reason that has to do with religion and to point out that ever since the franchise was established in Canada there have been exceptions to the general rule that all persons vote. It would take too long to deal with the history of the establishment of the franchise down to the days of universal franchise, but it is sufficient for my purpose to say that the Doubhobors are not disfranchised because of religion or politics; they are disfranchised because they have successfully defied the law of Canada to enumerate them as citizens of Canada, and I repeat: If they are not willing to become citizens of Canada and openly defy the law, then they should not be permitted to vote as citizens.

Mr. MACKENZIE KING: In view of what the Prime Minister has just said, may I ask him this question: Would not a better way to proceed have been to enact in the Franchise Act that any person who defies the law to the extent of refusing to be enumerated as a Canadian citizen shall not be qualified to vote?

Mr. BENNETT: That cannot be done.

Mr. MACKENZIE KING: Then innocent parties should not be discriminated against, or as Burke says, you cannot indict a nation; no more can you indict an entire race or all members of any religious sect.

Mr. BENNETT: I say that it is impossible to work that out, as the right hon. gentleman will see in a minute, because there is no general defiance of the law except by those particular people in the one province of British Columbia. They have simply said: We will not be enumerated and they drove off with pitchforks, arms and missiles the people who tried to enumerate them and succeeded in preventing their being enumerated except by force.

Mr. LAPOINTE: Perhaps some of them were willing to be enumerated.

Mr. BENNETT: They were not; they were given a chance.

[Mr. Bennett.]

Mr. LAPOINTE: Did they refuse to be enumerated?

Mr. BENNETT: They were given an opportunity, and refused.

Mr. WOODSWORTH: I wonder whether the Prime Minister is aware that some of the Doukhobors themselves assisted in the taking of the last census?

Mr. BENNETT: I certainly am not. I know an effort was made—does the hon. member mean in Saskatchewan?

Mr. WOODSWORTH: No, in British Columbia.

Mr. BENNETT: I know in British Columbia as a last resort we endeavoured to ascertain whether we could secure the aid of some of them in taking the census, and we failed.

Mr. WOODSWORTH: The assistance was secured.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I am willing to admit that this matter has nothing to do with religion but I am very much afraid it has something to do with political considerations.

Mr. BENNETT: What nonsense!

Mr. MACKENZIE (Vancouver): I want to repeat what I said last night; I am in favour of applying the utmost rigor of the law against any lawbreaker in any part of the dominion, but I tell the Prime Minister and the two hon. members who spoke to defend the government's action—

Mr. MANION: Three hon. members.

Mr. MACKENZIE (Vancouver): —that it is the wrong method to punish any person in Canada by depriving him of his vote. The province of British Columbia has punished these men and properly so but it is a pernicious, vicious and iniquitous principle to single out any race by name in any legislation of this country and to deprive them of the franchise because this will affect not only the people there to-day but their descendants to the third and fourth generation. The Prime Minister of Canada by this legislation is visiting the sins of the fathers upon the children who in years to come may be the very finest of our Canadian citizens. This condition is not to be permanent; I trust these people with education and experience in the dominion will do what other races have done and grow up to be the very best of Canadian citizens. But here we are to-day as a parliament representing all free peoples within this country, saying that any man because he is a Doukhobor is absolutely

deprived of the franchise and his sons and daughters and their descendants unto untold generations are also to be disfranchised. That is the most Tory measure I ever heard of in any parliament.

I agree with the suggestion of my right hon. leader (Mr. Mackenzie King) that anyone who refuses to be enumerated for the franchise, shall be deprived of it, but we are here indicting the possibilities of a splendidly free system of Canadian education in regard to the descendants of these people.

Mr. BENNETT: Thirty-five schools burned up by them.

Mr. MACKENZIE (Vancouver): I am not defending that for one second.

Mr. BENNETT: Bridges blown up and lives taken!

Mr. MACKENZIE (Vancouver): I am in favour of the law taking its course in such cases.

Mr. BENNETT: But it did not, it could not.

Mr. MACKENZIE (Vancouver): But are the children of these people to be penalized?

Mr. BENNETT: One of the worst offenders was born in British Columbia.

Mr. POWER: The parliament buildings were burnt by the Tories but they have not been disfranchised for it.

Mr. MACKENZIE (Vancouver): Here you are indicting the unborn children who through Canadian education may become first class citizens, who may grow up to be leaders in Canadian public life. We have people in this parliament belonging to races other than Canadian: We have one from the great country of Sweden, we have a Ukrainian—

Mr. BENNETT: Born in the United States.

Mr. MACKENZIE (Vancouver): Those who came from other countries are among the finest people in our national life, as a result of applying the best principles of Canadian education. I am not defending lawbreakers in the least, I am in favour of what the Conservative government of British Columbia did in prosecuting these men with utmost rigour, but what I am condemning is that this parliament should apply the punishment not only to the people who may have sinned in the present but to the innocent children who may grow up to be fine citizens of the Dominion of Canada.

Mr. HUMPHREY MITCHELL (East Hamilton): I wish to state my position, I will be brief. If you follow this thing to its logical conclusion it is pure anarchy, in my judgment.

Mr. BENNETT: Hear, hear.

Mr. MOTHERWELL: What is anarchy?

Mr. BENNETT: What you are supporting.

Mr. MITCHELL: This I maintain as fundamental, that if any man goes to another country, whatever his race or colour, he should abide by the laws of that country.

Mr. MACKENZIE (Vancouver): We agree with that.

Mr. MITCHELL: This House of Commons could not exist if defiance of law were permitted. This house exists because of the cooperation of the people in the enforcement of the laws. I am not going into the history of the struggle for the right to vote, to exercise some control over your legislative destiny, but I believe it would be a good experiment to let these people pass through something of the same struggle that we passed through to obtain a voice in the affairs of the country. Of course their struggle will be nothing in comparison with that of the people who went before us, but I believe it is fundamental that before people can be permitted to have a voice in the life and affairs of the country they should cooperate with the government. That is the genius of democracy, the cooperation of the people with the government. I am not convinced that this policy is not sound.

Hon. W. D. EULER (North Waterloo): Very briefly, and really on one point only I wish to speak, because I have no defence to make of people who violate the law. But I think it is a dangerous principle to disfranchise any group of people—

Mr. MACKENZIE (Vancouver): By name.

Mr. EULER: By name or by race or because of the religious beliefs they may hold. But I want to point out for the cool consideration of the government, what possible justice can there be in disfranchising the descendants of these people, who cannot possibly be held responsible for the sins, if you call them that, of their parents? It is utterly unjust and unfair and I see nothing in defence of it. I am referring particularly to that provision which says that the descendants of the Doukhobors shall be disfranchised. Probably there will be children of Doukhobors now living who will marry into some other sect, become converts to another faith, refusing to follow their parents in sentiment or religion.

Mr. BENNETT: But such were leaders in disobeying the law.

Mr. EULER: I want to put the thing as practically as I can. Suppose a Doukhobor girl marries a Canadian, say a Presbyterian or a Catholic—

Mr. BENNETT: They do not do that.

Mr. WOODSWORTH: They do, frequently.

Mr. EULER: It is possible that will be done from time to time, in Canada where racial differences are being wiped out. Surely then that person is no longer a Doukhobor. If you confined it to Doukhobors, the thing would not be quite so bad, but people who are descendants of Doukhobors but are no longer Doukhobors should not be disfranchised merely by the accident of birth, because their parents or grandparents were Doukhobors. I say it is absolutely unthinkable that a Canadian parliament should do a thing like that. Such an injustice should never get into a Canadian statute. I want to protest against that more than anything else.

Hon. ERNEST LAPOINTE (Quebec East): The Prime Minister said that they are not disfranchised because of their race—

Mr. BENNETT: Their religion.

Mr. LAPOINTE: —or their religion, but simply because they have violated the laws of Canada by refusing to be enumerated at a census. Well, Mr. Speaker, surely this provision should not be adopted, first because if that is the only reason, and the Prime Minister says it is the reason, why not have the law merely state, without referring to any race or sect, that any man who refuses to obey the laws of the country by refusing to be enumerated with the other citizens of the country should not have a vote.

Mr. MACKENZIE (Vancouver): Hear, hear, we are all for that.

Mr. LAPOINTE: The worst feature of this provision is that just mentioned by the hon. member for North Waterloo (Mr. Euler); that because one man refuses to be enumerated at a census the sentence is that his children are to be deprived of the vote even if they are honourable, loyal and devoted citizens. That is not a law of a free country. I heard my right hon. friend interject, "Well, they are descendants of men who violated the laws."

Mr. BENNETT: No, they have done so themselves.

[Mr. Euler.]

Mr. LAPOINTE: How can you say that those boys have? They are referred to simply as Doukhobors, and because their fathers were Doukhobors the sons, whether they have refused to be enumerated or not, are to be deprived of the vote. I say that is a bad reason. The members of a free parliament should never vote for this measure.

Mr. VINCENT DUPUIS (Laprairie-Napierville): Mr. Chairman, I just wish to register my protest against this legislation.

Mr. POULIOT: Mr. Speaker, I rise to a point of order. Last year, when I addressed you as Mr. Chairman, an hon. gentleman said that I should address you as Mr. Speaker. I now rise to the same point of order.

Mr. DUPUIS: With all due respect, Mr. Speaker, to our hon. friend from Témiscouata (Mr. Pouliot) I just wish to register my protest against this piece of legislation. The majority of the citizens of this country are in favour of being good to the humble, to the weak and to minorities, whatever may be the opinion of the right hon. Prime Minister about qualifying minorities or others. It is a principle of our criminal law that it is better to free ninety-nine guilty men than to condemn an innocent one. In this legislation they put in one bag all the citizens who belong to a nationality or race and say that because they belong to such a race they are to be deprived of their right of citizenship—

Mr. STEWART (Leeds): They are not a race.

Mr. DUPUIS: —and of the privileges attached to it. I say this is absolutely wrong, and following that principle of our criminal law, even if there is only one Doukhobor who abides by the laws of the country he should be granted the right to vote. I am sure, like those members who are conversant with these people, that hundreds and thousands of them abide by the law of this country. To govern the citizens of Canada we have criminal, civil and common law. If any citizen, whatever his race, his religion or his allegiance, does not abide by the laws of this country he may be brought into court and, if convicted, sentenced to fine or imprisonment. We have been told that the Doukhobors refuse to abide by the laws of Canada. Let us condemn those who refuse to do so but let us not interfere with those who do abide by our laws.

I am very much in favour of amending this provision because I belong to one of the races that is in the minority in this country. It may happen that I will not come back to this

house—which I should regret—due to the fact that I have been deprived of my riding. That has not been done because the county of Laprairie-Napierville is one which should not be represented in this house; that is so because the Prime Minister of this country said, "We are not going to be governed by an arrogant minority." So I feel very keenly the fact that in this legislation the government deal with a whole race whom they have allowed to become citizens of this country. For the sake of argument let us say that the majority of them refuse to abide by our laws, but now the government are going to refuse to allow the remainder to vote and take advantage of the other privileges to which they are entitled as British subjects. If these people refuse to become British subjects let them be deported; so long as they remain here as British subjects they should have all the privileges and rights as well as all the responsibilities of British subjects.

Mr. S. W. JACOBS (Cartier): A higher authority than I ever hope to be has declared that there is a time to talk and a time to keep silence. Inasmuch as we are about to prorogue at any moment I think I will follow that advice and say what I have to say in a very few words, particularly as I had something to say on this question when it was up last night.

The Prime Minister makes the statement that these Doukhobors should be disfranchised because certain outrages were committed by some of their race in British Columbia. I do not know that we have a clear definition of what a Doukhobor is. I do not know; there is no interpretation of the word in the bill. How is a judge to decide who a Doukhobor is unless he comes into court without clothes? I cannot understand how the Prime Minister, who is a profound lawyer and a man of the world, could agree to a section of this kind becoming part of the law of our country; that is what surprises me. I have always had a very high admiration for the talents of the right hon. gentleman, but this time he has fallen in my estimation. I can only suppose that we have had so much heavy work during the last five or six months that he is slipping a bit, and if legislation of this kind is going to be introduced I think it is high time we closed parliament for this session.

I suppose the race to which I belong has suffered more from legislation of this sort than any other race. This is the introduction of Hitlerism into the parliament of Canada. In Germany, under the laws of the third Reich, it is declared that any person found to have Jewish blood in his veins as far back as the year 1800 is deprived of his status as a citizen In what respect does that provision differ from this law, except that we are visiting the sins of the father upon the children to the third and fourth generation while they are visiting the sins of the children on the fathers? As between the two I should say they were the most logical, because we know the history of the fathers while we cannot know the history of the children. I am surprised that my right hon. friend the Prime Minister should say that every Doukhobor now residing in British Columbia, and his descendants to the last generation, should be deprived of the right to vote because of certain incendiarism and other offences which have been committed in British Columbia. Surely that is not the well considered view of the Prime Minister of this country.

Mr. BENNETT: Neither is it the view he puts forward.

Mr. JACOBS: It resolves itself into this section of the law; that is what it means. It seems that in British Columbia disfranchising people is a favourite sport, because the Doukhobors are not the only people disfranchised there. There are the Japanese, the Chinese and so on, but I do not intend to raise that question. I remember that some ten or twelve years ago I offered some criticism of the system in British Columbia with regard to the disfranchising of citizens, and I walked into a hornet's nest prepared by my good friend from Comox-Alberni (Mr. Neill). I still remember the castigation I received at his hands, or rather at his tongue, at that time. So I am not going into that question, but I say this thing is spreading. To-day we have it to a certain extent in the province of Quebec; only last winter a follower of the Prime Minister, sitting on the government side, made a remarkable statement. I was not in the house at the time, and the two members of my persuasion who were in the house did not understand French. This is what the hon. gentleman said, according to Hansard of February 26 of last year:

> I would suggest to them—

He was speaking to the opposition:

> —if they are so anxious to work in the interests of their race, to travel down in groups to Quebec so as to request the government of that province to see that the chairmen of the two most important committees of the legislative assembly be French Canadians instead of being Jews, in the only Catholic province of Canada, as the Hon. Mr. Taschereau delights to call it.

There we have Hitlerism exposed in all its hideousness, in the province of Quebec, and now we find this new law coming into force

which will only encourage men of the type of the hon. member for Compton (Mr. Gobeil) to continue that sort of work. I say a statement of that kind is not becoming to a member of the House of Commons, no matter on what side of the house he sits. It was offensive to me, Mr. Speaker, to see that gentleman invited time and again to act as chairman of the committees of the house in which I had to sit, and to have to address my remarks to him. I say he does not deserve to be in the parliament of Canada. This was the first time any statement of that kind was ever made in this house. Of course he received his just deserts from the premier of Quebec and from others who gave expression to their opinions in the public press. I have not heard any hon. member opposite rise from his seat and protest against that kind of conduct. If we are going to allow legislation of this kind to pass to-day, tomorrow we will have the hon. member for Compton or others of the same frame of mind declaring that in the province of Quebec the Jews should not be permitted to appeal to the electorate for election to parliament. This is how it could be done: Supposing in a moment of madness a man like the hon. member for Compton might have the reins of power—Lord forbid—in the province of Quebec. He would pass a franchise act declaring that no Jew could sit in the legislature of the province of Quebec or the parliament of Canada. He would ask that the law of the province of Quebec should be carried into the dominion franchise act. In such an event where would I be? Where would my colleagues be? Where would the Jewish people, even unto the fourth, fifth, or sixth generations be? They would be in the same position as the Doukhobors.

Mr. CHAPLIN: But you would still have your clothes on.

Mr. JACOBS: Yes, I would have my clothes on, but I would not be permitted to show them. You would not see me here. That is the sort of thing that happens when we tamper with the franchise, and when we declare who should and should not be allowed to do this or that. The majority can declare whatever they like. It is always the majority that declares the minority is unfit to do this or to do that. We had a statement made yesterday by the hon. member for West Kootenay (Mr. Esling) to the effect that this had all been arranged beforehand. He said the Doukhobors had agreed that if they were given exemption from military service they would not ask for the vote, and the franchise would be taken from them. He said they were happy about it. They sold their birthright for a mess of pottage; they did not know what they were doing. They were sacrificing their rights as citizens of this country to obtain exemption from military service which service, I understand, is contrary to their religious views. So I think those of us who are fair minded and who look at things from a wider viewpoint than the government, see that we are quite within our rights in making a protest.

May I point out to the Prime Minister that the great dominion of Australia was at one time a penal colony, and everyone sent there was sent as a convict. Their descendants, the second, third and fourth generations are now at the head of the government. They went out in the first instance in the government's service, and they have remained in the government service—although in different degrees. I think the Australians would be offended if they knew that we treat our people in the way indicated to-day. They took their convicts, and developed them into first class citizens—sons of the morning, children of the light, and so on. They consider themselves in every respect the same as we are, and they are quite right. I do not for one moment wish to compare, for instance, Mr. Stanley Bruce who was entertained in Ottawa only a short time ago, with the poor Doukhobors who, without knowledge of the law, offend. After all, is it not part of our theory that we are carrying the white man's burden. We are looking after the "silent, sullen people," as Kipling says, half devil and half child—because that is all the Doukhobors are. It is part of the white man's burden to educate them to our standards. Certainly we are not going to achieve that end by disfranchising them and treating them as pariahs. I do not believe that to be the Christian idea of the condition which should prevail—and may I add, in passing, that I do not hold myself out as a teacher of Christianity. But I am in favour of a Christianity which Christianizes people, and it certainly comes with very poor grace from me, the only non-Christian in this house to-day, to tell Christian people what Christianity should be. Particularly is that so in regard to the Prime Minister, a man who has always represented the very best type of Christianity, a man whom I have admired for many years because of his talents, his wide and broad views respecting the Jewish people and the persecutions they have suffered, notwithstanding the views of some of his camp followers who sit behind him. What surprises me is that the Prime

Minister should have allowed a piece of legislation of this kind to come before the house.

Mr. SAMUEL GOBEIL (Compton): Mr. Speaker, I certainly had no intention to take part in this debate, but after the reference to me made by the hon. member for Cartier (Mr. Jacobs) I do not see how I could remain silent.

Mr. JACOBS: You should have remained silent before.

Mr. GOBEIL: May I, at the outset, state that I am absolutely in agreement with this measure. Without elaborating may I say that in my view a man or woman who openly defies the law, who openly blows up schools, and takes part in parades such as have been described, should not take part in the affairs of this country. Hon. members opposite state that we are disfranchising not only those living to-day but their children and grandchildren. I say that if a time comes when these people, as a body or as individuals, understand and realize their duties and responsibilities as citizens, this law could be changed. We are not passing legislation to-day which could not be changed at the proper time. For that reason I think the arguments advanced by hon. members opposite to the effect that we are disfranchising not only present day Doukhobors, but Doukhobors of the future, are absolutely silly—and I do not use the term offensively.

I now come to the reference made by the hon. member who has just taken his seat. Had he wished to quote at greater length from my remarks he would have disclosed that the views he obtained were only incidental to the remarks I made. When I made the remarks to which the hon. member has referred I was referring to hon. members opposite who on the occasion in question were trying, as they have had the habit of doing, to place themselves before the people of the province of Quebec as the great champions of their race, their religion and their rights. I was simply stating that if they were so anxious to render service to their race and their creed, there were many other fields of activity which were more important, so far as race and creed were concerned, than the question under discussion at that time. That reference was only incidental, and I do not consider that I attacked the Jewish people in any way. I simply referred to the condition as in my opinion not being one which should exist in the province of Quebec, which the premier is so proud of stating is the only Catholic province in the dominion. There were only two members of the Jewish race elected to the legislature yet both were appointed chairman of important committees of that assembly. I do not think there was anything offensive to the Jewish race in my statement because I mentioned other things as well. The hon. member said that fortunately the hon. member for Compton was censured even by the premier of Quebec. I would remind my hon. friend that though the premier came out like a lion on that day and stated he was going to censure me by a motion which would put the ban of the French race on me—

Mr. DUPUIS: Mr. Speaker, on a point of order. I was of the opinion that we were discussing the Elections Act and the Doukhobor question, but now the hon. member is with the Hebrews. I pray him to leave them alone. He is trying to get out of a hole but is only getting in deeper.

Mr. GOBEIL: I do not think I can be reproached with having taken up too much of the time of the house on this question. I would not have brought up this matter if it had not been for the attack made upon me by my hon. friend. I want to take a minute or two to answer. I should like to remind my hon. friend that the motion of censure against the hon. member for Compton was never moved in the legislature. It never came and I do not think it ever will come. In closing, let me say that I never attacked the Jewish race. I am pleased to assure them that they have the right to live, just as has any other citizen of Canada. I simply stated that I did not think it was proper, or that I thought it to be a little out of place, that such a situation should exist in the provincial legislature of Quebec.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, before this bill receives its third reading I should like to make a few brief observations.

An hon. MEMBER: Make them brief.

Mr. McINTOSH: I usually do, and to the point. I was going to say that if I am allowed to make these observations without being expelled from the house or sent to the tower, I would appreciate that freedom of parliamentary debate which is conducive to the unhampered discussion of any public question. May I say that at times, as the Greeks said, speech is silver and silence is golden.

An hon. MEMBER: Right now.

Mr. McINTOSH: To-day speech is golden, and silence is silver. And since we are off

the gold standard in more ways than one perhaps a few remarks on this vicious bill will be in order. When examining the Doukhobor provisions of this bill one comes to the conclusion that between the policies of the Conservative and the Liberal parties a great gulf exists—the gulf of civil and religious liberty and of fairness and justice to mankind. I should like to range myself with those on this side who stand for freedom whenever that question presents itself. I do not need to say that I belong to a race that has fought valiantly for its freedom; I belong to a race that has never been conquered and never will be conquered while it remains true to the principles of freedom and liberty. I would be ashamed of my race if those who represent it in this house did not stand up on an occasion of this kind to fight for those from whom the right of the franchise is being taken.

Certain outrages have been charged to our Doukhobor friends. I do not think there is an hon. member in the house who is so closely related to one of those outrages as myself. I had a first cousin in the coach in which Verigin was blown to pieces. Some of my direct relatives blamed the Doukhobors for that outrage, but I do not. I investigated the matter and I found out from Canadian National Railways men that that outrage was never committed by the Doukhobors, it was committed by the Canadian National Railways authorities carrying loose dynamite from one point to another on the railway. This is a case where the Doukhobors were blamed for an outrage for which they were not guilty. They are blamed for many other things for which they are not guilty. The very reason for this bill is based on such unproven outrages and political fear and to have such a foundation for a bill of this kind is not conducive to good and progressive citizenship. Therefore, I am opposed to it.

I have a few Doukhobors in my riding. I doubt if there is another riding in Canada which is as cosmopolitan as the riding of North Battleford. We have some Doukhobors there, Belgians, French from the old land, Germans, Ukrainians, British, Americans and Norwegians.

Mr. LAPOINTE: No Scotch!

Mr. McINTOSH: Yes, they are everywhere, God bless them. I must say that our Doukhobor settlers have lived up to the law and have proved to be respectable and industrious citizens ever since they came to Saskatchewan. They have prospered on their farms and have brought wild areas into cultivation. They have built splendid homes and have made money. They have not been on relief like many of the British people have been for the last three or four years. I want to say a word for these people this afternoon, and to tell the house that the children of these people will be among the most progressive and law-abiding citizens of Canada. I have the fullest confidence in them and I am only too pleased to stand up this afternoon as a member from western Canada to defend them and to say that the principle of this bill is diametrically opposed to the very principles of freedom. This means I am opposed to subsection 12 of section 4 of the bill respecting the franchise of electors at elections of members of the House of Commons. I repudiate the principle of disfranchising and taking away the rights of citizenship from any group of people because of their religious and racial beliefs. I regret the government and the Prime Minister (Mr. Bennett) have given their support to this measure, because I believe the government by doing so, and the Prime Minister by doing so, have disgraced and dishonoured Canada in the eyes of all good Canadians.

Mr. BENNETT: That remark will have to be withdrawn at once.

Mr. SPEAKER: The hon. member has no right to say that the Prime Minister (Mr. Bennett) by his action has disgraced and dishonoured Canada. I ask the hon. member to withdraw that statement as it is not parliamentary language.

Mr. McINTOSH: My inference was that this measure dishonoured and disgraced Canadians.

Mr. BENNETT: I ask that that language be withdrawn.

Mr. McINTOSH: If my words are not satisfactory in any way to the Prime Minister, I withdraw them.

Mr. SPEAKER: I have ruled that they are unparliamentary and I ask the hon. member to withdraw them.

Mr. McINTOSH: I have withdrawn them.

Mr. BENNETT: I submit that no hon. member of this house is entitled to place any condition on a withdrawal; it must be an unconditional withdrawal.

An hon. MEMBER: He did withdraw it.

Mr. BENNETT: He did not. He said "if," and I cannot permit that, in the interests of this house. No one who happens to be Prime Minister can permit it.

Mr. McINTOSH: I am sorry the Prime Minister cannot understand the English language. I am willing to withdraw the remark without qualification so far as the Prime Minister is concerned but not the government or the government measure before the house.

Mr. BENNETT: I wish to direct attention to an erroneous observation made by the hon. member for Cartier (Mr. Jacobs). This measure does not refer to descendants in the sense in which he used that word. It is a conditional prohibition only.

Mr. MACKENZIE (Vancouver): No.

Mr. BENNETT: Pardon me. If the law of British Columbia does not disqualify that person he is not disqualified by this statute.

Mr. MACKENZIE (Vancouver): But I may point out that when you pass a law you presume its permanency. We do in British Columbia, and when we pass this law we presume that it will be permanent for the dominion.

The house divided on the amendment (Mr. Woodsworth), which was negatived on the following division:

YEAS

Messrs:

Ahearn
Bouchard
Boulanger
Cardin
Casgrain
Chevrier
Dupuis
Euler
Ferland
Garland (Bow River)
Hurtubise
Kennedy (Peace River)
King, Mackenzie
Lapointe
MacInnis
Mackenzie (Vancouver Centre)
Macphail, Miss
McIntosh
McKenzie (Assiniboia)
McPhee
Motherwell
Perras
Stewart (Edmonton West)
Thauvette
Totzke
Weir (Macdonald)
Woodsworth—27.

NAYS

Messrs:

Arsenault
Barber
Beaubier
Belec
Bennett
Beynon
Bowen
Boyes
Bury
Cantley
Chaplin
Cotnam
Cowan (Long Lake)
Dupré
Duranleau
Ernst
Gagnon
Gobeil
Guthrie
Hay,
Kennedy (Winnipeg South Centre)
Larue
Loucks
MacMillan (Saskatoon)
McDade
McGillis
McLure
Manion
Matthews
Moore (Chateauguay-Huntingdon)
Munn
Murphy
Myers
Neill
Perley (Qu'Appelle)
Pettit
Plunkett
Porteous
Price
Quinn
Reid
Simpson (Simcoe North)
Simpson (Algoma West)
Smith (Victoria-Carleton)
Sproule
Stanley
Stewart (Leeds)
Stewart (Lethbridge)
Stirling
Stitt (Selkirk)
Sutherland
Tétreault
Turnbull
Weese
Weir (Melfort)
White (Mount Royal)—56.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Toronto)
Anderson (Halton)
Arthurs
Baker
Baribeau
Barrette
Bell (Hamilton)
Bell (St. Antoine)
Bell (St. John)
Black (Halifax)
Bourgeois
Bowman
Burns
Cahan
Casselman
Charters
Cowan (Port Arthur)
Davies
Dorion
Duguay
Edwards
Embury
Esling
Fortin
Fraser (Cariboo)
Ganong
Garland (Carleton)
Geary
Gordon
Gott
Hackett
Hanson (York-Sunbury)
Harris
Johnstone
Jones
Laflèche
Laurin
Lawson
MacDonald (Cape Breton)
MacLaren
MacNicol
McGibbon
McGregor
Maloney
Morand
Mullins
Nicholson
Peck
Perley, Sir George
Pickel
Rhodes
Robinson
Rogers
Mitchell
Factor
Lucas
Bertrand
Beaubien
Rhéaume
Mercier (St. Henri)
Raymond
Dubois
Dubuc
Deslauriers
Hanson (Skeena)
Butcher
Rinfret
Howard
Blair
Ilsley
Spencer
Verville
Dumaine
Elliott
Bothwell
Hanbury
Fafard
Coote
Michaud
Goulet
Mercier (Laurier-Outremont)
Boucher
Rutherford
Denis
Veniot
Jacobs
Donnelly
MacLean
Girouard
Fontaine
Gray
Urquhart
Fiset
Rennie
Power
Irvine
Young
Parent
Howden
Bradette
Moore (Ontario)
Marcil
Speakman
Ralston
Desrochers
Heaps

Ross	Roberge
Rowe	Lacroix
Ryerson	Taylor
Sauvé	Séguin
Senn	Sanderson
Shaver	Luchkovich
Short	Heenan
Smith (Cumberland	Duff
Smoke	Pouliot
Spence	Fraser (Northumberland)
Spotton	MacMillan (Mackenzie)
Stevens	Malcolm
Stinson	Hall
Stitt (Nelson)	Fournier
Sullivan	Brasset
Thompson (Simcoe)	Jean
Thompson (Lanark)	Gardiner
Tummon	St-Père
White (London)	Gershaw
Willis	Brown
Wilson	Vallance
Wright	Golding.

Mr. BUTCHER: I was paired with the hon. member for Portage la Prairie (Mr. Burns). Had I voted I would have voted for the amendment.

Mr. ILSLEY: I was paired with the hon. member for Port Arthur-Thunder Bay (Mr. Cowan). Had I voted, I would have voted for the amendment.

Mr. ANDERSON (Halton): I was paired with the hon. member for Toronto West Centre (Mr. Factor). Otherwise I would have voted against the amendment.

Mr. MacLAREN: I was paired with the hon. member for Rimouski (Sir Eugene Fiset). Had I voted, I would have voted against the amendment.

Mr. ROBINSON: I was paired with the hon. member for Portneuf (Mr. Desrochers). Had I voted, I would have voted against the amendment.

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

Mr. SPENCE: I was paired with the hon. member for Northumberland (Ontario) (Mr. Fraser). Had I voted, I would have voted against the amendment.

Mr. SANDERSON: I was paired with the hon. member for Haldimand (Mr. Senn). Had I voted, I would have voted for the amendment.

Mr. BRASSET: I was paired with the hon. member for St. Ann (Mr. Sullivan). Had I voted, I would have voted for the amendment.

[Mr. I. Mackenzie.]

Mr. RYERSON: I was paired with the hon. member for Norfolk-Elgin (Mr. Taylor). Had I voted, I would have voted against the amendment.

Mr. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards). Had I voted, I would have voted for the amendment.

Mr. BELL (St. Antoine): I was paired with the hon. member for Beauharnois (Mr. Raymond). Had I voted, I would have voted against the amendment.

Mr. JACOBS: I was paired with the hon. member for Toronto-Scarborough (Mr. Harris). Had I voted, I would have voted for the amendment.

Mr. SMITH (Cumberland): I was paired with the hon. member for Antigonish-Guysborough (Mr. Duff). Had I voted, I would have voted against the amendment.

Mr. STINSON: I was paired with the hon. member for South Bruce (Mr. Hall). Had I voted, I would have voted against the amendment.

Mr. SMOKE: I was paired with the hon. member for Temiscouata (Mr. Pouliot). Had I voted, I would have voted against the amendment.

Mr. LUCHKOVICH: I was paired with the hon. member for Stormont (Mr. Shaver). Had I voted, I would have voted for the amendment.

Mr. MITCHELL: I was paired with the hon. member for Toronto-High Park (Mr. Anderson). Had I voted, I would have voted against the amendment.

Mr. RALSTON: I was paired with the Finance Minister (Mr. Rhodes). Had I voted, I would have voted for the amendment.

Mr. ROSS: I was paired with the hon. member for Megantic (Mr. Roberge). Had I voted, I would have voted against the amendment.

Mr. BERTRAND: I was paired with the hon. member for Toronto Northeast (Mr. Baker). Had I voted, I would have voted for the amendment.

Mr. SPENCER: I was paired with the hon. member for Athabaska (Mr. Davies). Had I voted, I would have voted for the amendment.

Mr. THOMPSON (East Simcoe): I was paired with the hon. member for Maisonneuve (Mr. Jean). Had I voted, I would have voted against the amendment.

Mr. MULLINS: I was paired with the hon. member for St. Boniface (Mr. Howden). Had I voted, I would have voted against the amendment.

Mr. BEAUBIEN: I was paired with the hon. member for Champlain (Mr. Baribeau). Had I voted, I would have voted for the amendment.

Mr. IRVINE: I was paired with the hon. member for South York (Mr. McGregor). Had I voted, I would have voted for the amendment.

Mr. DONNELLY: I was paired with the hon. member for Cape Breton-North Victoria (Mr. Johnston). Had I voted, I would have voted for the amendment.

Mr. WRIGHT: I was paired with the hon. member for South Huron (Mr. Golding). Had I voted, I would have voted against the amendment.

Mr. VALLANCE: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted, I would have voted for the amendment.

Mr. BRADETTE: I was paired with the hon. member for East Algoma (Mr. Nicholson). Had I voted I would have voted for the amendment.

Main motion agreed to and bill read the third time and passed.

DOMINION ELECTIONS ACT

Hon. HUGH GUTHRIE (Minister of Justice): There seems to be some misunderstanding about Bill No. 115, respecting the election of members of the House of Commons, which was reported from committee. With the consent of the house I would move it back into committee as it is said that clause 8 was not passed.

Mr. LAPOINTE: That is right.

Mr. GUTHRIE: I was under the impression that all clauses were passed, but for the purpose of considering clause 8 I would move the bill back into committee.

Motion agreed to and the house went into committee on the bill, Mr. Smith (Cumberland) in the chair.

On clause 8—Appointment of returning officers.

Mr. LAPOINTE: On this clause I desire to register my protest, as my leader did a few minutes ago, with regard to the change concerning the appointment of returning officers. It is most important that the officers who are in charge of elections in every constituency in Canada should be, so far as possible, free from political partisanship. My hon. friends opposite do not seem to like this now, but a few years ago when there was another government in office, they were the ones who advocated what I am saying to-day and it was agreed that the government should not appoint the returning officers but that they should be appointed by the chief electoral officer and that he would try to select the best man possible and the one who would be fair to the various political opinions in each constituency. That was done at that time; the system worked well, and to change it now is, I am afraid, a breach of faith. It means that my hon. friends opposite when they are in opposition will ask their opponents to agree to changes which will ensure impartiality in the elections, but as soon as they are in office they repeal those laws and see to it that their own political friends are put in charge of an election. That is a wrong principle; it is a wrong thing to do, and I say again that it is a breach of faith on the part of those who have taken advantage of the agreement which was entered into between the parties a few years ago.

Mr. POWER: This is the clause which provides for the appointment of returning officers. In order to make the matter clear may I just quote as briefly as I can a report of the chief electoral officer pursuant to section 74 of the Dominion Elections Act, made December 1, 1926, in the appendix of which he gave a summary review of the statutory provisions affecting from time to time the appointment and duties of returning officers. I am not quoting in extenso, because I do not wish to take up the time of the committee. He goes back to the British North America Act of 1867, section 42, where the governor general was empowered to issue a writ for the election of a member of the House of Commons to such returning officer in each electoral district as he thought fit, the person selected to conduct the election in accordance with the electoral law of the province in which lay the electoral district for which he was appointed. He goes on to say:

> Under the first Dominion Elections Act, passed in 1874, the discretion thus given to the Governor General was taken away, and it was provided that the writ should issue to the sheriff or registrar of deeds for the electoral district or a portion of it. The Governor General had accordingly power to choose the returning officer at his discretion only in a district in which there was no sheriff or registrar or the incumbents of these offices were disqualified or unable to act.

The position in Canada was thus assimilated to that which then existed and has ever since existed in Great Britain, where the returning officer is always, ex officio, the sheriff, the mayor or the chairman of the local municipal council. This new rule, however, continued in force in Canada for only eight years. In 1892, by 45 Vict. c. 3, s. 6, the Governor General was again given a discretion—

That is just another way of stating that the appointment was again put under patronage.

—whenever an election was required to be held in any electoral district, to select such person to act as returning officer as he thought fit, and this discretion he has continued ever since to exercise. . . .

Until, in 1925, the law was amended in the way to be later mentioned, this power fell to be exercised only on the occasion of the issue of the writ for an election, and it was accordingly inevitable, even apart from the fact that the returning officer had a casting vote in case of a tie, that appointments should, as a general rule, be made, from among the political supporters of the government of the day; in practice each returning officer no doubt was chosen usually on the recommendation of the person or persons by whom the local party patronage was controlled. Though there were exceptions to this general rule, particularly when officers appointed by the provincial government, such as sheriffs or registrars were available to act and were willing to undertake the returning officer's duties, these were not numerous, and a secondary but very natural consequence of the established practice was that the returning officers selected their deputy returning officers from among their political friends, the names no doubt often being supplied from the same source as that from which the recommendation for the returning officer's own appointment had emanated. Again the general rule was subject to exceptions: in some electoral districts there grew up the practice of selecting half the deputies from each political party,—

And let it be remembered that the party led by my right hon. leader was then in power.

—this exceptional practice being no doubt usually confined to those electoral districts in which the returning officership itself was not looked upon as a party appointment. In most electoral districts, however, the political party in power had exclusive administrative control of the election.

. . . In 1925, however, the law on the last point was amended, it being provided that returning officers, instead of being appointed only for the purpose of conducting a particular election, should hold office during pleasure like other servants of the crown. The first returning officers appointed under the new provision were those who acted at the general election held later in the same year. When, nevertheless, a second general election was required to be held within less than twelve months, most of the appointments thus made were cancelled and new returning officers named instead of the original appointees.

Now we come to 1929. In spite of the fact that we on this side of the house were made well aware by the actions of the majority of the persons representing the party now in power, of their manner of conducting elections, on representations made, especially by persons from the southeast corner, and acting on the recommendations of the chief electoral officer, the committee of 1929 of which I had the honour to be chairman, recommended that from then on the appointing of the returning officers should be taken out of the hands of political parties and placed in the hands of the chief electoral officer. I speak of this with some little feeling because at that time I was being constantly importuned. When we were sitting on the government side, I was being called into corners of the corridors and interviewed in my office and told time and again: You do not mean to say that you will make a recommendation that means that we may have a Tory returning officer, or a returning officer who will not be at our beck and call? I then took the attitude which I take to-day, that elections should be as far as possible taken out of politics. Day after day I was obliged to fight the men of my own side of the house, some of them very important men, in order to press the amendment through. I was told at that time by one after the other that if through some mischance the hon. gentlemen who now sit opposite came into power they would see to it that the election act was changed so that it would go back to the good old, bad old, days of patronage. In view of the representations made, in view of the concession if I may so call it, although it was not a concession, it was an amendment made in the interests of justice and fair dealing, in view of the action of one party, I took it upon myself to say I was convinced that for all time in Canada we would take elections out of politics. Unfortunately no sooner had hon. gentlemen opposite come into power than we began to discern that efforts would be made to change the returning officer. To-day, although I suppose that is not of much importance, but I feel somewhat humiliated, I have to face men from my own side of the house who make no bones about telling me they told me so. I think probably my leader feels very much the same way as I do, and that may account for the energy with which he opposes this bill.

It has been said that the Election Act of 1930 did not work well. I quote here the report of the chief electoral officer made pursuant to section 74 of the Dominion Elections Act in September, 1930. On the first page

of his report to the Speaker of the House of Commons he says:

The recent general election following the dissolution of the sixteenth parliament was the first since confederation at which the administration of the election in all the electoral districts was carried out by returning officers appointed otherwise than by the government in power at the dissolution.

Then the second paragraph:

The most important alteration in the procedure followed was the abandonment of the use of provincial lists as a basis for the preparation of the federal lists. This affected particularly urban areas in which provision was for the first time made for an enumeration. The result of the change must be regarded as wholly favourable; notwithstanding that many errors occurred, the lists as supplied to the deputy returning officers were very much more accurate than they had previously been and clearly included a considerably higher number of the names of persons who were entitled to vote. . . .

Then part of paragraph 3:

On the other hand, the number of administrative difficulties and complaints against returning officers showed a notable decrease. From only twenty electoral districts was any complaint received against the conduct of a returning officer, and in most of these cases, as well as in the few additional cases in which complaints were made to me against the conduct of subordinate election officers, the making of the complaints appeared on inquiry to have been due to misunderstanding.

There was the situation at the end of 1930. We had an election act agreed upon by all parties in this house, which it was hoped would give a fair, reasonable and honest election, and according to the report of the chief electoral officer it did so. And may I say, in case it may be brought up later, that the power conferred on the chief electoral officer was used wisely and in the public interest. I have here a list of the appointments by occupation. I find that in Ontario out of a total of ninety seats twenty-nine were appointments of public officers such as county clerks and treasurers, town clerks, registrars, sheriffs, justices of the peace and crown attorneys.

Mr. RYERSON: And the balance were Liberals.

Mr. POWER: Assuming they were, we did more for you than you will ever do for us, you gave us one-third.

Mr. CASGRAIN: The Tories always do that.

Mr. POWER: The proportion for Quebec was thirty-two out of sixty-five. In Nova Scotia seven out of twelve were public officers. In New Brunswick two out of eleven. In Prince Edward Island the total number of returning officers, three, were sheriffs. In the western provinces there were no public officers because, as pointed out to the committee of that day, it was impossible to make the electoral districts coincide with those of the sheriffs and registrars.

An hon. MEMBER: They were all appointed by the patronage committee.

Mr. THOMPSON: (Simcoe): What was the agreement about deputy returning officers?

Mr. POWER: I do not know what happened in other cases, but in my own constituency I went to the Conservative ex-candidate, and we sat down together and agreed on a returning officer. His recomendation accompanied mine to the chief electoral officer, and during the progress of the election the Conservatives received the right to appoint fifty per cent of the deputy returning officers. That was my duty, as I conceived it, in carrying out an obligation which I had undertaken before the people of Canada.

Mr. THOMPSON (Simcoe): That was not the case in my riding; I never had a look in.

Mr. POWER: I can only speak of my own case. Now let us see the reason for all this eagerness on the part of the government to dismiss returning officers and appoint those of their own choice. I received a statement from the chief electoral officer, after I had questioned him in the committee, to the effect that since 1930 with resignations, deaths and removals there had been changes in regard to fifty-three returning officers, and that under the redistribution act there would be sixty new returning officers. There were thirty new appointments made necessary due to returning officers being over the age of sixty-five, and three appointments made necessary by reason of the fact that the returning officer now resided outside of his electoral district. In other words approximately 150 of the 245 returning officers would be dismissed in any case. So all this upheaval, all this change in this act and the franchise act, came about, I am firmly convinced, for no other purpose than to see to it that every single returning officer who was not appointed by the Tories would be dismissed.

There is no doubt that the object was to take charge of the making of the electoral lists, which duty was formerly performed by the returning officers. I say in all sincerity that if, as has been stated by the chief electoral officer, the deputy returning officers could carry on their duties of making up the lists during the time of the election, if they had

a four year period when there was no election there was no reason why they could not have continued to carry on that work. Instead of that we are naming a whole host of officers to carry on the enumeration. I suppose the Minister of Justice knows as well as I do that something like eighty thousand officers are required to carry on the enumeration of an election, so during the course of this summer in this general registration something like eighty thousand people will be employed by this government, which is another way of bribing the electorate in addition to the public works program. The whole aim and object of these two thick, cumbersome bills was to get into the hands of the government control of the entire electoral machinery, from the time the man goes to register himself on the list until he goes to the poll to vote to put this government out of power. I do not think they will dare do anything to interfere after the ballots are counted.

I suggest to the Prime Minister that he should read the reports of the chief electoral officer of 1926 and 1930. I should like to quote from paragraph 11 of the report of 1926, in which the chief electoral officer says:

> ... the fact that appointments are generally made from among supporters of the party in power naturally inclines supporters of the opposite party to think that unfair administrative tactics are intended to be or are in fact resorted to.

To that statement I subscribe, knowing hon. gentlemen opposite.

> In some cases, however, the present mode of the selection of election officers does induce on the part of appointees a mistaken idea that they owe a duty to the party to which they belong rather than to the state by which they are employed and paid.

I have nothing more to say on this matter; already I have taken up enough of the time of the house in connection with this legislation. Before I take my seat I should like to thank the minister for cooperating in the minor amendments which were made to the act, in our endeavour to make the act more workable. May I say at the same time, however, that the general principle underlying the act, whereby once more we are bringing the whole electoral machinery under party patronage, to be operated for the benefit of party politicians, to my mind is not a principle which should be adopted readily by this house, particularly when we have had a chance to get away from it and the people of Canada were given an opportunity to see that in some instances the political parties could come together in an endeavour to give to the electorate a fair deal and an open, above board method of expressing their opinions when elections came on.

I submit that this legislation is in keeping with a great deal of the legislation that has been brought down by hon. gentlemen opposite. It has been said by adherents of and apologists for the government that they have not paid enough attention to the political side of administration, and that their acts have not been motivated by political consideration. May I say that in my humble opinion hardly one piece of legislation has been introduced in this house since 1930 that did not have a political motive and a political purpose back of it. The tariff measures of 1930 were pure politics; the marketing act of this year was pure politics, and the central bank act was pure politics. Ever since this government came into power the relief measures have been pure politics, and they have been administered in the same spirit.

The CHAIRMAN (Mr. Smith, Cumberland): The hon. gentleman is out of order. I would ask him to confine his remarks to the bill under discussion.

Mr. POWER: The chairman calls me to order for having strayed a little from the subject. May I say that if all these measures I have mentioned were pure politics the two pieces of legislation we have been considering, as well as the redistribution act of last year, were politics of a kind I could not describe without falling foul of you, Mr. Chairman. Undoubtedly they were of the Tory brand of politics, which they hope will bring them into power at the next election but which I know will not do so.

Mr. STEWART (Edmonton): I have refrained from saying anything on the floor of parliament with respect to these acts, though I had considerable to do with endeavouring to make them as workable as possible. I am not going to cover any of the ground already covered by my colleague from Quebec South (Mr. Power) and my right hon. leader in our endeavour to have the amendments so constructed that they would work fairly as between all parties, but there is one aspect of this whole procedure that I have not been able to understand. I refer to the necessity for this double staff of officials. If in the opinion of the government the chief electoral officer was not carrying out his duty they had the power, both in this house and in the other chamber, to get rid of him. But what have we done here? We have gone to work and provided for two sets of officials, which seems to me entirely unnecessary. I have said so all the time we have been dealing

with these two acts. We have set up one group of officials with a chief known as a revising officer; his appointees are permanent officials who will work for a period of six weeks in the year at most. For the life of me I cannot understand why these same officials should not be the returning officers. Evidently, as my colleague has put it much better than I can, there is a desire on the part of the government to give to their political supporters in each constituency the right to name the individual who shall conduct the election, and they content themselves with leaving only the chief electoral officer as a permanent official. In my humble opinion there is no necessity in the world for those two sets of officers. In order to carry out their desire the government have adopted this circuitous route to arrive at their destination. So far as I am concerned the best treatment I ever received was from a returning officer appointed by a Conservative government, I refer to Mr. Wilson who conducted the election of 1926. I have not a word to say against him or against his officers, and if officials of that type are selected by my opponents I shall be satisfied. Again I do protest emphatically against doubling up officialdom in connection with carrying on elections. It is an expense which could easily be avoided. Let me say in passing that I am afraid we will find the proposed system a most cumbersome one. Not only that, but it will be very expensive to every candidate who may have to contest an election under the provisions of this legislation. While a yearly revision of the lists shortens the election period by a few weeks, the candidates and sitting members will be shouldered with a tremendous expense to see that the lists are properly drawn up.

All these years we have managed to get along in western Canada with enumerated lists, and so far as I know we have had a fair degree of satisfaction. The machinery was under the supervision of the electoral officer and the returning officers in the various constituencies. My protest, togther with those of other hon. members on this side of the house, is that there is no necessity on earth for the double-barrelled provisions in the two pieces of legislation we have been considering. While I have tried to see some virtue in the proposed procedure frankly I can see none. There is the exception, however, that no doubt everyone will welcome the shortening of the election period. But to establish two sets of officials when one set could do the whole work in a proper fashion seems to me to be a totally unwarranted expense.

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Mr. SPEAKMAN: I cannot but associate myself with the view expressed primarily by the hon. member for Quebec South (Mr. Power). As in the case of other hon. members I base my convictions mainly on my own experience with the different forms of appointments, and the manner in which elections have been conducted. In passing may I express my appreciation of the extremely non-partisan attitude displayed by the hon. member for Quebec South when he attributed nothing but the purest political motives to anything done by the government since they came into power. I have heard words more unkind than that used by hon. members in his section of the house.

The question it seems to me is a simple one: Shall the returning officer look upon himself primarily as a representative of one party, or shall he look upon himself primarily as a civil servant responsible to the state for the proper carrying out of his duties. I am aware that appointments by a party should not necessarily, in the extreme sense, be partisan appointments, but it leaves the door open for that to take place. In common with other hon. members I have had the misfortune to contest several elections. Without hesitation I will say that from the point of view of its administration on the part of the returning officer, by far the most satisfactory election was that of 1930. Upon that occasion there was no Liberal candidate in my riding, although the returning officer was not aware of that fact at first. There was a Conservative candidate running against me. I believe I can speak for the Conservative candidate as well as for myself when I say that we received absolute satisfaction. The whole work was carried out in the fairest possible way, and without any regard so far as we could see—and we were in a position to judge—for the interests of any party in the field or which might be in the field, as opposed to those of any other party. The returning officer, although of course originally a party man, took a view which I considered quite correct and one which should be held by the majority of right-thinking men. He said he was not appointed under the auspices of any party. That is, he was employed by the state to see that the people in that part of the country over which he had jurisdiction had an absolutely fair opportunity to express their views, whatever they might be. I did not know the politics of half the deputy returning officers appointed, and I am not certain that my Conservative friend knew. But we did know that practically without exception those men under

the instructions of the returning officer carried out their duties in an absolutely fair and impartial manner. As I said in the beginning, they carried out their duties in a fair manner, and gave far more universal satisfaction than I had experienced in any other election. When we had a system which appeared to be satisfactory, and when it has been proved not only to the satisfaction of hon. members belonging to the party in power by whom the appointments were made, but to others, that the elections were carried on satisfactorily to all parties concerned, it seems to me to be a retrograde step to go back to the system which obtained before that time, when it was not satisfactory, and to take the risk even if the returning officers did their duty and even if the government had the altruistic motives, of being branded throughout the country as having made an effort to do otherwise and to gain an unwarranted advantage.

I can only conclude as I started out, by saying that I associate myself heartily with the point of view primarily expressed by the hon. member for Quebec South, and I urge the government in their own interests, in the interests of clean elections and in the interests of the people, to think again before taking a step which I am persuaded will be a retrograde one.

Mr. ELLIOTT: I heartily endorse what has been said by my right hon. leader and by other hon. members who have spoken on this side of the house. I was one guileless enough to believe at the time of the last general election that there would not be a change for some years to come in the manner of the appointment of returning officers. I am amazed to find that hon. gentlemen opposite at this time wish to take the machinery into their own hands, and are determined to place the appointment of deputy returning officers in the hands of the governor in council.

Some reference has been made to what happened during the last election in Ontario. If my information is correct there was not a complaint to the electoral officers as to the conduct of any of the deputy returning officers. What was done? First of all, owing to the fact that for nearly thirty years, with the exception of a few years in which there was a farmer government, there had been a Conservative government in Ontario, nearly all the sheriffs were Conservatives. Sheriffs and other similar officers constituted twenty-nine out of eighty-two deputy returning officers. My recollection is that the balance were fairly evenly divided.

[Mr. Speakman.]

Mr. GUTHRIE: No, no.

Mr. ELLIOTT: They may not have been quite evenly divided, but I heard no complaints. Most of the men who are now governing in this house are the men who were dominant in the party at that time. I must say it is a great disappointment to the people of the country as a whole to find that they have so totally changed their views as to what is fair play in regard to elections.

Mr. RALSTON: I want to say that I subscribe to all that has been said by the hon. member for Quebec South (Mr. Power). Before 1926 we had adopted the principle of having an officer appointed by this house appoint the returning officers in connection with the elections. This was changed in 1926 when the so-called shadow government came into power. We returned to that system in 1930, and I do not agree with what has been said by hon. gentlemen opposite. From all the reports I have had from the province from which I come, that system has worked most satisfactorily. I did have complaints and there were some heartburnings on the part of some of my friends in the constituency when strong Conservatives were appointed as deputy returning officers, but so far as I know they did their duty quite properly. When the election was over there were no complaints whatever.

This government was elected under that system in 1930. In 1934 they come down with a franchise act in which they propose to perpetuate that system so far as the franchise is concerned. They propose to appoint a commissioner of franchise and he is charged with the appointing of the registrars of electors in the various counties. He does the appointing, not the governor in council. So far as the franchise is concerned, this government has adopted the idea of having an officer appointed by this house—supposedly independent—appoint the registrars of electors in the different districts. That officer is to be appointed, by this house which, as at present constituted, is made up of a majority of hon. members opposite. That officer is to make the appointments so far as the franchise is concerned, but in the same breath, at the same session, and on the same day, we are asked to pass a bill with regard to elections whereby the provisions which have been in the act since 1926 and under which an officer of this house appointed the deputy returning officers are to be repealed. This particular function is to be exercised by the governor in council. How can my hon. friends justify the difference in the two systems? For the franchise, the

registrars of electors are to be appointed by an officer of this house; for elections, the deputy returning officers are to be appointed by the governor in council.

This must be because the chief electoral officer was appointed by a house in which those of us on this side had a majority. Hon. friends opposite now intend to have it both ways. They are going to appoint a commissioner of franchise with their majority and are perfectly willing to have that officer appoint the registrars of electors. On the other hand, they are going to repudiate that principle when it comes to the elections act, and have the deputy returning officers appointed by the governor in council. I submit that my hon. friends cannot justify the difference in these two systems. As the hon. member for Quebec South has said, there must be some sinister motive in this change at this time, in this repudiation of a principle which has been found to work quite well and which my hon. friends are accepting in the Franchise Act. They refuse to accept this principle in connection with the elections act.

Mr. MACKENZIE KING: I should like to make perfectly clear what the record discloses as to the understanding given to the house by the minister at the time the dominion franchise bill was introduced. The resolution preceding the bill was introduced on June 13, and at that time the Minister of Justice (Mr. Guthrie) gave a statement to the house as to the purpose of the measure. This statement will be found on pages 3938 and 3939 of Hansard. I shall read only one paragraph as the rest is simply an elaboration. He said:

It has been thought by the government that it would be well to devise some improved method to bring on a general or a by-election in this country in much less time than is necessary at present. The proposal is that the government introduce a bill for the purpose of establishing the franchise of electors for dominion purposes and at the same time of providing for the making and completion of voters' lists which shall be regularly revised and kept up to date and which shall be available at a moment's notice in any part of Canada should a general election or a by-election take place. Under the scheme which is contemplated by the motion now before the committee it is hoped a franchise and voters' list act may be passed through this house and that under the new legislation a general or a by-election may be held in not more than twenty-eight days and possibly in twenty-four or twenty-five days.

The succeeding paragraph elaborates those remarks. The minister then said:

Mr. Speaker, I have now made a general statement of the purpose of the bill which it is intended to introduce.

There was in all that the minister said at that time no indication whatever of an intention to deal with the general elections act. The minister stated that the elections act was really three acts in one, it was a franchise act; it was an act concerning the preparation of lists, and it was an act respecting the machinery of elections. He stated that so far as the franchise act was concerned, he proposed to leave it as it was with the exception of the provisions respecting Doukhobors in British Columbia. He stated also that he intended to leave the elections act as it was. Having in mind what had been said at the conference when the hon. member for West Edmonton (Mr. Stewart) and myself met the Minister of Justice and the Secretary of State (Mr. Cahan), I gave to the house what I gathered was the intention of the government. No exception was taken by the Minister of Justice to my understanding of the matter as set forth in my remarks. What I said will be found on page 3943 of Hansard, as follows:

My hon. friend has intimated that the present elections is really three measures combined in one, that it is an act with respect to the franchise, an act with respect to the preparation of voters' lists, and also an act with respect to the machinery for the conduct of the elections themselves. He has stated further that the present measure is to take out of the general act as it now stands those parts which relate to the franchise and to the preparation of election lists. I see no objection whatever to that step being taken.

There was a distinct understanding that the general elections act would remain as it was. Elsewhere it will be seen that the Prime Minister made similar representations. It was understood that we would take out of that act those sections which had to do with the franchise or with the voters' list, but it was never thought by myself or others on this side, nor was it intimated by the government that there was an intention on its part to change the general elections act. As I said when speaking on the previous measure, according to my recollection, the position as presented to us was that these two officers would have charge of the election machinery. There would be the chief electoral officer and the new officer who would be the franchise commissioner and who would have to do with the revision of the lists. The question was raised repeatedly at the conferences as to why we needed these two sets of officers, and their appointment was defended on the ground that it would be evidence of fair play and that the different points of view on all sides of the house would find expression in that way. I agree with what the hon. member for West Edmonton has said as to the extra costs and

unnecessary duplication. I can see in this nothing other than the purpose he has stated, namely, an endeavour on the part of the government to get control of all election machinery and of all appointments. What I regret most of all having to say is that we have been deliberately deceived as to the intention of the government as expressed both by the Prime Minister (Mr. Bennett) and the Minister of Justice when presenting this matter to the house.

Section agreed to, on division.

Mr. MOTHERWELL: Before the bill is reported I should like to know the length of time estimated by the government to be necessary between dissolution and election day?

Mr. GUTHRIE: Mr. Castonguay informs me that under the new legislation an election could be held within twenty-five to twenty-eight days.

Mr. MOTHERWELL: I do not see how you are going—where has the chairman gone off to now? This is an example of how they want to run the elections in such great haste.

The CHAIRMAN (Mr. Smith, Cumberland): I would inform the hon. member that the motion to report the bill was carried.

Mr. MOTHERWELL: There is no harm in asking a proper question at this stage. You do not need to be in a desperate hurry now, just as the government is in trying to run the election off in twenty-eight days. How will you conduct an election in twenty-eight days in some of the ridings? A government that has a rotten defence as this one has would doubtless like to run it off in twenty-eight minutes.

Some hon. MEMBERS: Order.

Mr. MOTHERWELL: Order nothing. And the party that has a good policy, a good platform and a good record wants time to get its information to the country. This unseemly haste is just one more attempt to steal the election.

Bill reported.

Mr. SPEAKER: Mr. Guthrie moves that the bill be now read the third time. Is it the pleasure of the house to adopt the motion?

Mr. MACKENZIE KING: I am rising at the moment, not to speak on the third reading but to ask a question of the minister before the bill passes. Will the minister advise the house whether it is the intention of the government to proceed at once with the preparation of the basic list, to do so immediately after prorogation? How soon will the work be undertaken?

Mr. GUTHRIE: The bill provides that the franchise commissioner shall at once take steps and within six months have all the machinery going and the revising officers appointed. He will have to go over 245 ridings to make appointments and preparations. The limit is six months, but he begins immediately after the bill becomes law.

Mr. ANGUS MacINNIS (Vancouver South): Before the bill is read the third time I wish to bring to the attention of the house a provision which I think should be included in this measure. An attempt has been made in the bill to make it as easy as possible, within certain limits, for individuals to exercise the franchise, and this was further added to yesterday in committee when the Minister of Justice introduced section 99 which provided for absentee voting. That section provides that fishermen, miners, lumbermen and sailors may vote by use of the absentee ballot if on election day they are not in the riding in which they are registered or within twenty-five miles of the constituency.

During the last few years there has been a development in the life of this country through which there are other people besides those actively engaged in the occupations mentioned who are compulsorily taken away from their homes—I refer to the men in the unemployment relief camps. If we refer to those mentioned in the category as entitled to vote by use of the absentee ballot we find fishermen, miners, lumbermen and sailors enumerated, and they are allowed that privilege because on election day they may not be in the constituency in which they are registered or within twenty-five miles thereof.

Let me give a hypothetical case. Let us say that in the city of Vancouver two men are looking for work prior to an election. One gets work in a lumber camp and goes there and on election day, if he is not within twenty-five miles of Vancouver, he is entitled to vote by use of the absentee ballot. The other man finds it impossible to get work and by force of circumstances he has to go into an unemployment relief camp; and because of that, although he is registered, these camps being more than twenty-five miles outside the city, he is unable to exercise the franchise. I hold that this is a discrimination of the worst kind against a man who, through no fault of his own, finds it

impossible to obtain work. I submit that those in the relief camps should be put in the same position as those enumerated in the category and who are unable to vote in the riding in which they are registered. Provision was made in bill 101 so that unemployed men away from home would not lose their franchise, but unless we make provision also for them to exercise it—and we have not made that provision so far—extending the franchise to them will be useless. To remove that discrimination I move, seconded by Mr. Mitchell:

> That this bill be not read a third time now but that it be referred back to the committee of the whole house with instructions that they have power to amend section 99, subsection (1), by adding after (e) a new clause (f):
>
> "Unemployment relief camp workers" means all workers at any unemployment relief camp or at any institution or refuge maintained either by public or private moneys for the relief of distressed or unemployed persons.
>
> And in subsection (2) after the word "sailor" in the fifth line, the words "or unemployment relief camp workers."

I have used these words because they are used in bill 101, rule 9, to make provision for the exercise of the franchise by men in unemployment relief camps. I hope that the house, as a matter of justice to those men who are so unfortunate as to be unemployed at this time, will see its way clear to adopt the amendment. The men in the unemployment relief camps are to-day continually informed that it is impossible for them to change the economic order in this country by means of our democratic institutions. If we do not include this amendment, if we expressly leave them out, we are giving proof positive to them that such is the case.

Hon. HUGH GUTHRIE (Minister of Justice): When the bill was before the special committee appointed by this house, this question was very fully discussed and it was then that the hon. member for Comox-Alberni (Mr. Neill) made his suggestion about absentee voters. He was not a member of the committee but was present during most of our sittings and heard what took place. After he made the suggestion in regard to absentee voters this clause was again discussed very thoroughly, and my recollection is that the committee was unanimous in confining the suggestion to fishermen, sailors, miners and lumbermen. It may be that there was one dissenting voice; it may have been seven to one but I think it was unanimous. Immediately applications came in from members of the house to include farmers, fruit pickers, teachers and various others. Well, we felt that if we were going to adopt this provision at all we would have to confine it within some bounds and we confined it to those trades whose members we know go far away from home in response to the demands of their occupations. They have to go far from home and they might ordinarily be deprived of their vote unless some amendment of this kind were prepared. It was the opinion of the committee—and I am going to say it was unanimous, but it may not have been—that this should not be extended.

The question came up again when the matter was before the committee of the house yesterday and I expressed the same view as I hold now, that I would not be inclined to extend the provision. I understand that in some of the relief camps there are very few men belonging to the province in which the camps exist and they cannot take advantage of the clause in any event because it is confined to polling divisions within the province. It was suggested also that it might be broadened out that a man in a relief camp in Ontario might be permitted to cast his ballot down in Nova Scotia. We could not agree to that proposal and I do not accept it now.

Mr. ROSS: I would like to ask the minister a question. There is trouble sometimes in connection with military camps; will any arrangement be made about those?

Mr. GUTHRIE: They are covered in the act now; they were covered in the old act and we have not changed that clause.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I believe all hon. members will hope the relief camps are temporary institutions and not permanent or likely to be permanent. The insertion of a clause of this kind is suggestive of the possible permanency of relief camps. That phase of the matter I feel makes it undesirable to include an amendment of this nature. On the other hand when such a large number of men are in relief camps at the present time and when it is probable that this large number will continue to be in relief camps at the time the next general election occurs, I believe for the purposes of the next election it would be eminently right and just to have this particular clause included. If it were inserted in the bill at this time it could be repealed subsequently if the country found it possible through improvement of economic conditions to be freed of relief camps. I for one, should I be in a position so to do, would seek to bring about such a repeal subsequently if the conditions of the country so permitted. But,

with conditions as they are at the moment, I shall lend my support very gladly to the inclusion of this amendment.

I wish to take advantage of speaking on the third reading of this bill to touch again on the question I asked the Minister of Justice a moment ago as to the preparation of the lists and the intention of the government to begin at once on their preparation. The minister replied that it was intended that the franchise commissioner should begin at once with the appointment of the franchise officers and the preparation of the lists. He mentioned that the act gave the commissioner a limit of six months within which to make the necessary preparations. Personally, I think that six months part of the measure is pure bluff. I believe it has been so provided to have it appear that we are not likely to have a general election during the remainder of this year. It is equally true, however, that the law has been so drafted as to enable basic lists to be prepared inside four weeks or, at the outside, six weeks. I hope all who feel as I do about the present administration will take care to see that within the next six weeks they become as busy as they can to have the lists made as complete as possible.

Mr. HUMPHREY MITCHELL (East Hamilton): May I say just a word as the seconder of the amendment. I do not think these men in relief camps are any different from the soldiers at the war and if I remember aright, provision was made for the exercise of the soldiers' franchise. I believe these men were forced away from their surroundings in just the same manner as were the soldiers and sailors. After all is said and done, the government of this country instituted these camps and in view of that fact they have a responsibility to see to it that nothing is placed in the way of these men exercising their franchise. It must also be remembered that owing to the low wages they are paid, it is impossible for them to return to their home towns or their places of origin in order to vote, and I see no reason why provision should not be made which will enable these men to take their part in the next election.

The leader of the opposition (Mr. Mackenzie King) said that these relief camps are temporary institutions. That does not alter the argument. While they may be temporary, as we hope they are, as a matter of fact they exist and an obligation rests upon the government, in view of their direct responsibility in the management of the camps, to see to it that these men are given an opportunity to exercise the franchise.

[Mr. Mackenzie King.]

Mr. A. W. NEILL (Comox-Alberni): Under ordinary conditions I would support the amendment moved by the hon. member for Vancouver South (Mr. MacInnis), but as the Minister of Justice (Mr. Guthrie) has stated, this matter came up in the special committee that was dealing with this bill. I and those associated with me were extremely anxious to get what we thought was a very necessary amendment made so that absentee voting could take place. A number of classes, other than the four agreed on, were suggested. Finally there was a compromise, which I understood was unanimous, that the committee would agree to the four now in the bill. I concurred in that and I feel in good faith I shall have to support the government in connection with the present motion.

Mr. MACKENZIE KING: Before the motion is put, on a point of order, may I say, after hearing what the hon. member for Comox-Alberni (Mr. Neill) has said and what I have since learned from the Minister of Justice (Mr. Guthrie) as to there having been an understanding in the committee on the basis of which there was introduced last night the amendment with respect to absentee voters, I feel I ought to explain to the Minister of Justice and to hon. members that I had no knowledge of that understanding or I would not have spoken as I did in support of the amendment. I shall, therefore, feel it my duty not to vote on the amendment, although I have spoken in support of it. I want to make it perfectly clear that I had not known that the committee had arrived at an agreement as to the basis on which that other amendment would be introduced.

The house divided on the amendment (Mr. MacInnis) which was negatived on the following division:

YEAS

Messrs:

Ahearn	Mackenzie (Vancouver Centre)
Chevrier	Macphail, Miss
Garland (Bow River)	Motherwell
Kennedy (Peace River)	Reid
MacInnis	Woodsworth—10.

NAYS

Messrs:

Arsenault	Gobeil
Beaubier	Hay
Belec	Loucks
Bennett	Macdonald (Kings)
Boyes	Macdougall
Bury	MacMillan (Saskatoon)
Chaplin	McLure
Cowan (Long Lake)	McPhee
Duranleau	

Manion	Stanley
Matthews	Stewart (Leeds)
Moore (Chateauguay-Huntingdon)	Stewart (Lethbridge)
Myers	Stirling
Neill	Stitt (Nelson)
Plunkett	Stitt (Selkirk)
Porteous	Sutherland
Price	Swanston
Quinn	Tétreault
Simpson (Simcoe North)	Turnbull
Smith (Victoria-Carleton)	Weese
Sproule	Weir (Melfort)
	Weir (Macdonald)
	White (Mount Royal)—43.

Mr. SAUVE: I was paired with the hon. member for L'Assomption-Montcalm (Mr. Séguin). Had I voted, I would have voted against the amendment.

Mr. BARBER: I was paired with the hon. member for Humboldt (Mr. Totzke). Had I voted, I would have voted against the amendment.

Mr. BEAUBIEN: I was paired with the hon. member for Champlain (Mr. Baribeau). Had I voted, I would have voted for the amendment.

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

Mr. MULLINS: I was paired with the hon. member for St. Boniface (Mr. Howden). Had I voted, I would have voted against the amendment.

Mr. SANDERSON: I was paired with the hon. member for Haldimand (Mr. Senn). Had I voted, I would have voted for the amendment.

Mr. IRVINE: I was paired with the hon. member for South York (Mr. McGregor). Had I voted, I would have voted for the amendment.

Mr. GAGNON: I was paired with the hon. member for Restigouche-Madawaska (Mr. Michaud). Had I voted, I would have voted against the amendment.

Mr. RALSTON: I was paired with the hon. Minister of Finance (Mr. Rhodes). Had I voted, I would have voted against the amendment.

Mr. SPENCE: I was paired with the hon. member for Northumberland, Ontario, (Mr. Fraser). Had I voted, I would have voted against the amendment.

Mr. MITCHELL: I was paired with the hon. member for Toronto-High Park (Mr. Anderson). Had I voted, I would have voted for the amendment.

Mr. DONNELLY: I was paired with the hon. member for Cape Breton-North Victoria (Mr. Johnston). Had I voted, I would have voted for the amendment.

Mr. SPEAKMAN: I was paired with the hon. member for Brome-Missisquoi (Mr. Pickel). Had I voted, I would have voted for the amendment.

Mr. SMOKE: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted, I would have voted against the amendment.

Mr. RYERSON: I was paired with the hon. member for North Elgin (Mr. Taylor). Had I voted, I would have voted against the amendment.

Mr. BOWEN: I was paired with the hon. member for Assiniboia (Mr. McKenzie). Had I voted, I would have voted against the amendment.

Mr. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards). Had I voted, I would have voted for the amendment.

Mr. LUCHKOVICH: I was paired with the hon. member for Stormont (Mr. Shaver). Had I voted, I would have voted for the amendment.

Mr. BOUCHARD: I was paired with the hon. member for Welland (Mr. Pettit). Had I voted, I would have voted for the amendment.

Mr. GARDINER: I was paired with the hon. member for ..... Had I voted, I would have voted for the amendment.

Mr. SPENCER: I was paired with the hon. member for Athabaska (Mr. Davies). Had I voted, I would have voted for the amendment.

Mr. BARRETTE (Translation): I was paired with the hon. member for St. Johns-Iberville (Mr. Rhéaume). Had I voted I would have voted against the amendment.

Mr. BRADETTE (Translation): I was paired with the hon. member for East Algoma (Mr. Nicholson). Had I voted I would have voted for the amendment.

(Owing to the impossibility of recording several statements of pairs simultaneously announced, the list of stated pairs may be incomplete).

Main motion agreed to on division; and bill read the third time and passed.

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

PROROGATION OF PARLIAMENT

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

Ottawa, June 30, 1934.

Sir,—

I have the honour to inform you that His Excellency the Governor General will proceed to the Senate chamber at 10 o'clock p.m. to-day for the purpose of proroguing the present session of parliament.

I have the honour to be, sir,
Your obedient servant,
A. Lascelles,
Secretary to the Governor General.

The Honourable
The Speaker of the House of Commons,
Ottawa.

CRIMINAL CODE AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 114 to amend the criminal code.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

Sections 1 to 6 inclusive agreed to.

On section 7—Lottery sale void.

Mr. MACKENZIE (Vancouver): Will the minister explain what is meant by section 7?

Mr. GUTHRIE: This follows the English act on the subject of lotteries. In the present act an informer may lay complaint or bring an action to recover a prize won in a lottery. In Great Britain they have recently amended their law, providing that any such prize shall be forfeited to His Majesty. We have merely adopted that system instead of what is known as the common informer system.

Section agreed to.

Sections 8 to 14 inclusive agreed to.

On section 15—Right of appeal to continue to expiration of term for filing notice.

Mr. MACKENZIE (Vancouver): What is the change in section 15?

Mr. GUTHRIE: It is only to include the words "British Columbia" at the request of the new attorney general of that province.

Section agreed to.

Sections 16 to 22 inclusive agreed to.

Form 76D agreed to.

Section 23 agreed to.

Section 24 agreed to.

[Mr. Bradette.]

Mr. GUTHRIE: I have forgotten one amendment, and with the permission of the committee I should like to revert to section 12 of the bill.

On section 12—Intimidation.

Mr. GUTHRIE: This was my oversight, I am sorry to say. For many years the Trades and Labour Congress have requested that a clause which was formerly in the criminal code, in regard to picketing, should be restored or that the English clause in regard to the same matter should be incorporated in our law. In the statute of 1886 this clause appeared under section 501 of our criminal code, in regard to picketing:

> Attending at or near or approaching to such house or other place as aforesaid in order merely to obtain or communicate information shall not be deemed a watching or besetting within the meaning of this section.

This was the law until the statutes were revised in 1896, when it was dropped without any repeal by this house. Of course the effect of the passage of the revised statutes would operate as a repeal. I would therefore move that this be added as subsection 2 of section 12, which already amends section 501.

Mr. RALSTON: I notice that section 3 of the act comes into force on proclamation. That is a new section which provides for the registration of revolvers and pistols in the possession of anyone, and I have no doubt that the minister has in mind that there should be the widest publicity given to this section before it is proclaimed.

Mr. GUTHRIE: I do not think we will put it into force for three to six months, in order to give due publicity to it.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

PUBLIC WORKS CONSTRUCTION ACT

The house resumed from Thursday, June 28, consideration in committee of Bill No. 113, to provide for the construction and improvement of certain public works and undertakings throughout Canada—Mr. Stewart (Leeds)—Mr. Smith (Cumberland) in the chair.

On section 6—Tenders.

Mr. ELLIOTT: When the committee was last considering this bill we were at section 6. I had asked that sections 6 and 7 be considered together, because I felt that if old

section 36 of the Public Works Act were substituted for those two sections we would have a much better act and one which, with regard to draftsmanship and the possibility of being understood, would be very much superior to what we have at the present time. I understand that the minister is not agreeable to considering the two sections together, so I wish to withdraw the amendment which I proposed, making sections 6 and 7 one section, and to move that section 6 be amended by adding the words "by public advertisement" after the word "tenders" in line 4. It is not necessary for me to enlarge upon the advantage of doing that. We are now embarking upon a program of public works such as we have never had in this country before, and from the protection that is thrown around the expenditure of that money we are removing a safeguard that has existed ever since we had a public works act in this country. At this stage of the session I do not propose to elaborate on the advantage of receiving public instead of private tenders; that must be known to every hon. member of this house. Therefore I beg to move the amendment I have already read, and which I have placed in your hands.

Mr. LUCHKOVICH: The other day the hon. member for East Edmonton (Mr. Bury) brought up a very important question; he suggested that tenders should be confined to the particular localities where the public works are to be undertaken and that local contractors should be given the preference over contractors from outside the city or particular place where the public works were to be carried on. I would go a little bit further; I would suggest not only that local contractors should get the contracts but that those who are unemployed should be given work on these public works rather than men who already have employment. Therefore I would ask the Minister of Public Works if these contractors getting contracts will cooperate to the fullest degree with the representatives of such municipal relief authorities in order to make the works most effective in relieving unemployment. I believe these municipalities are very anxious to cut down relief costs, and certainly this is one way of putting to work a great many of the unemployed throughout Canada.

Amendment (Mr. Elliott) negatived on division.

Section agreed to on division.

On section 7—Cases in which tenders may not be required.

Mr. STEWART (Leeds): I have a complete change which I desire to move in regard to this section. The amendment is as follows:

That section 7 be deleted and that the following section be substituted therefor:

7. In case of work of pressing emergency in which, in the opinion of the governor in council, delay would be injurious to the public interest, or in which, from the nature of the work it could be more beneficially executed under the direct supervision and control of the officers and employees of the department in charge of such work, the governor in council, on the recommendation of the minister of such department accompanied by a certificate of the chief engineer or chief architect of such department or of the chief engineer or chief architect of the Department of Public Works, may direct that the work proceed forthwith without inviting tenders. Provided that in case of any one work the cost of which is estimated to be less than five thousand dollars, the minister or department in charge of such work may proceed with such work under the direction of such minister or department.

The object of this amendment is to make the section more workable. The bill now provides that tenders must be invited in every instance. There will be a large number of works costing less than $5,000, and every tender would have to be brought before the governor in council. Under the Public Works Act as it exists to-day, works under $5,000 may be let without tender, and I am therefore making that exception. Everything has to go before the governor in council, except works under $5,000.

Mr. STEWART (Edmonton): You are just embodying the present provision.

Mr. STEWART (Leeds): In that respect.

Mr. BENNETT: But it goes farther.

Mr. RALSTON: Is the minister cutting out the word "economically"?

Mr. BENNETT: Yes, and putting in the word "beneficially."

Mr. RALSTON: Beneficial to whom?

Mr. STEWART (Leeds): To the public.

Mr. RALSTON: That ought to be said.

Mr. ELLIOTT: I had indicated to the minister that I intended to move an amendment which in many respects would be the same as the amendment he has now moved. I am wondering just why the words "expeditiously and economically" have been deleted, and the word "beneficially" substituted therefor. I think the effect is quite clear. The economical

end is not quite so satisfactory as the beneficial end, to the framers of the bill. I assume there is a good and sufficient reason behind making the change.

Mr. STEWART (Leeds): I will explain it.

Mr. ELLIOTT: In accepting the suggestion I made the other day in connection with tenders under $5,000, the minister is taking a step in the right direction. I am glad he has seen the error of his ways, and I trust that at a later part of the bill he will not move another amendment, which I understand he has in mind, which would negative the good effect of the amendment he has just moved. I hope he will not kick over the milk pail which he has filled, in an attempt to amend a subsequent section.

Amendment agreed to.

Section as amended agreed to.

On section 8—Assistants.

Mr. MACKENZIE KING: I suggest that the minister ought to delete the words "and other persons." The section reads:

> For the purposes of this act, the governor in council may authorize the minister charged with the execution of any work under this act from time to time to employ such architects, engineers and other persons as may be required.

The expression "other persons" might include all sorts of people, and the effect would be that the money could be distributed among any number of persons—another election device as I see it.

Mr. STEWART (Leeds): The object is to cover the employment of foremen, supervisors, draftsmen, clerks and even messenger boys who are in charge of binding plans, and so on. I think the section should stand as it is. There is no intention to expand it any more than is absolutely necessary, and it is stated that we must go to the governor in council for authority.

Mr. MACKENZIE KING: It looks to me like an election device.

Section 8 agreed to.

On section 9—Orders laid before house.

Mr. MACKENZIE KING: I have an amendment to this section.

Mr. BENNETT: Probably the right hon. gentleman had better wait until eight o'clock.

Mr. MACKENZIE KING: I shall submit it to the minister, so that he may have an opportunity to consider it during the adjournment.

Mr. BENNETT: At eight o'clock we can take the amendments to Senate bills. There are some purely technical amendments. If acceptable to my right hon. friend, we could do that immediately after eight o'clock.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

BANK OF CANADA ACT

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 19, to incorporate the Bank of Canada.

He said: The first amendment deals with subsection 1 of section 5, which is amended by adding to the end of the subsection the words, "who shall not as such be a member of the board." That refers to the assistant deputy governor, and I see no reason why it should not be concurred in.

The second amendment is in section 6 where the word "financial" has been substituted for "banking." The section would then read, "the governor and deputy governor shall be men of proven financial experience." I would think that that was an improvement.

The third amendment deals with subsection 3 of section 8 where the words "subject to the approval of the governor in council" are added after the word "shall." I suppose there can be no objection to that.

The fourth amendment is in section 9, subsection 5, where the word "reelection" is substituted for the word "reappointment" I think reelection is proper.

The fifth amendment is in section 10, subsection 2, line 3. The Senate proposes that the following words be added:

> ... and any person nominated for election as a director who is a shareholder of a chartered bank shall if elected divest himself of ownership of his shares within three months of the date of his election and shall not thereafter during the period of his office have an interest, either directly or indirectly, as a shareholder in a chartered bank.

I believe the English system is to permit a lapse of time after the date of election, either to acquire the necessary qualifying shares or to divest of shares which should not be held.

Mr. IRVINE: I fail to see how a director of a bank could become a director of this bank, since he is prohibited from obtaining shares.

Mr. BENNETT: That is exactly my view. The point being made by the Senate is that a holder of shares in the Bank of Canada who is also a holder of shares in a chartered bank might be elected, and this is to give him a chance to divest himself of his shares, in order that he may have no interest in a chartered bank while serving as a director. If I had my way about it I would add these words, "and until such time as he has divested himself of such shares he shall not act as a director." That would be the logical and proper wording to add.

The sixth amendment is in section 21, paragraph (i). It is proposed to add after the word "banks" the words "or to banks incorporated under the provisions of the Quebec Savings Banks Act." This amendment will have the effect of authorizing and empowering the Bank of Canada to make loans to a bank incorporated under the provisions of the Quebec Savings Banks Act. There are only two such banks, one at Quebec and one at Montreal. I cannot speak with great certainty about the bank at Quebec, but the one at Montreal is in as excellent a condition as any chartered bank in Canada.

Mr. STEWART (Edmonton): Are these provincial institutions?

Mr. BENNETT: That is the old act which I think had its origin in pre-confederation days. The Montreal District and Savings Bank and La Caisse d'Economie de Notre Dame de Quebec are incorporated under the provisions of this statute. I suppose there is no reason why the Bank of Canada should not lend to either one of these banks if they desired a loan.

The seventh amendment is in paragraph (m) of the same section. It will be observed that in the third line of that paragraph the word "savings" has been used. The word "Quebec" is being added, so that it will read "incorporated under the Quebec Savings Bank Act." The word "deposits" is spelled with a capital "D", and this should be a small "d".

The next amendment is in section 27. It is proposed to add the following as subsection 7:

Every bank incorporated under the Quebec Savings Banks Act shall maintain against its deposit liabilities such reserves in the form of notes of the bank or deposits with the bank or a chartered bank as may be deemed to be necessary by the bank, and shall furnish such information as may be required by the bank from time to time to satisfy it that such reserves are so maintained.

It is within the mind of the house that the question whether or not the two institutions I have named should come within the provisions of this bill was discussed in the committee and I think in the committee of the whole house. If my memory serves me aright, it was stated that if these banks desired to avail themselves of the provisions of this bill, they should make the same deposits as the chartered banks. As the subsequent sections anticipate that the gold of these two banks is necessarily to be transferred to the Bank of Canada, and as the reserve now provided for in subsection 7, which is added, provides that the reserves shall be to the satisfaction of the Bank of Canada, but may be kept partly in the Bank of Canada and partly in the chartered bank, that difficulty is overcome. But personally I have doubts as to whether or not the bank should be permitted to keep any part of its reserves in a chartered bank, because the theory of the statute is that the chartered banks themselves must keep their reserves with this bank; and therefore any bank that avails itself of the benefits of the Bank of Canada Act should also accept the responsibility of keeping its reserves either in the form of notes of the bank or in the Bank of Canada itself. I suggest therefore that the words "or a chartered bank" should be deleted from the amendment made by the Senate for the reasons I have indicated.

The next, No. 10, is found in section 36 and is one in which I think the house can concur. Subsection 4 reads:

The voting of the shareholders shall be by ballot.

The Senate proposes to add, after the word "shall," the words "in the case of the election of directors"—obviously, in my judgment, a very proper correction. And in the twelfth line of the same subsection the Senate proposes to delete the words "by registered post," taking the view that to provide that in every case the writing should be transmitted by registered post might create confusion and difficulty. So that, instead of

reading as it does in the bill that went from this house, it would read:

No person shall vote by proxy except that any shareholder may give to the minister, in writing, instructions as to the manner in which he desires to vote on any business of the meeting.

The words "by registered post" are deleted on the ground that it might cause confusion and difficulty. Personally I cannot see the point, but I have no objection.

Mr. MACKENZIE KING: Originally, was it intended to limit voting by ballot to the election of directors?

Mr. BENNETT: The point is as to whether the letter shall be registered or not.

Mr. MACKENZIE KING: But originally, was it the intention to restrict the voting of shareholders to voting by ballot on the election of directors?

Mr. BENNETT: Yes, because that is the only thing that the shareholders do, and it was intended always that these words should be implied rather than stated. That is the implication, because there are few cases in which the shareholders would have necessity for voting.

The last amendment will be found in section 43, by adding to paragraph (d) of subsection 1 the following:

And such by-laws may provide for the nomination of directors before any annual general meeting and what constitutes such nomination.

That is a very admirable addition because, as it read, it might be necessary to imply it rather than to have any direct authority as to the manner in which directors should be nominated. We can concur in that also. I would move therefore that we concur in amendment No. 1, in section 5, "who shall not as such be a member" of the board—that is, the assistant deputy governor shall not be.

Mr. RALSTON: Did that refer to the deputy governor or the deputy minister of finance?

Mr. BENNETT: The assistant deputy governor. In my opinion it means that now, because, unless there is specific provision that does make him such, he is not anyway; and inasmuch as it is not specifically provided, he is not. But the Senate has added those words.

[Mr. Bennett.]

Mr. STEWART (Edmonton): The deputy minister and the assistant deputy governor, both appointees of the government, will have no vote?

Mr. BENNETT: That is right.

Mr. STEWART (Edmonton): The only votes on the board which the government directly controls by way of appointment are the governor and the deputy governor.

Mr. BENNETT: That is No. 1, and I move that we concur therein. No. 2 is the substitution of the word "financial" for "banking," which is an improvement, leaving a doubtful question much clearer than it was. No. 3, at the foot of page 3, adds after the word "shall" in the third line, subsection 3, the words "subject to the approval of the governor in council" dealing with the question of salaries. I think it is a proper safeguard, and I move that we concur in that one also. The fourth amendment substitutes for the word "appointment" the word "election," and I move that we concur in that amendment, because "election" is an accurate statement and "appointment" inaccurate. The fifth amendment deals with the question of the director elected, who owns chartered bank stocks, divesting himself of them in a period of three months. It seems to me that the logical thing to do would be to provide that until he has divested himself of such shares he shall not act as such director.

Mr. RALSTON: Or the board would be short in the meantime.

Mr. BENNETT: Yes, the board would be short. I am entirely in the hands of the house with respect to that, but I think we can leave it as it reads; it will not make any difference. The next amendment in which we can concur is No. 6, on page 10, paragraph (i) of subsection 1 of section 21, making the act apply to the Quebec Savings Bank Act, to which there is no objection, and adding the words "of Quebec" before the word "savings" on the sixth line on page 11, as well as making a capital "D" a small "d" in the word "deposits." I move that we concur in these six that I have just indicated, because I want to speak specially as to the next one.

The first six amendments read the second time and concurred in.

Mr. BENNETT: The seventh amendment, at the end of section 27, reads:

Every bank incorporated under the Quebec Savings Bank Act shall maintain against its deposit liabilities such reserves in the form of notes of the bank or deposits with the bank

or a chartered bank as may be deemed to be sufficient by the bank, and shall furnish such information as may be required by the bank from time to time to satisfy it that such reserves are so maintained.

Mr. STEWART (Edmonton): Does "the bank" there mean the central bank?

Mr. BENNETT: Yes. I apprehend that the reason for this is that the chartered banks will pay some small interest on deposits made by the savings bank. The Bank of Canada has none. I apprehend that whoever was responsible for the amendment contemplated the possibility of some interest being received.

I will state the case for this amendment and I will state the case against it. In favour of this amendment, which is the logical and complementary amendment, to guarantee all the privileges of the central bank to the savings banks, that is the maintenance of reserves, is to be found this: that they shall be maintained in such a way as to be deemed sufficient by the Bank of Canada. That, I take it, would enable the governor of the Bank of Canada to say: We are not satisfied with the size of your deposit in a chartered bank and therefore you will have to increase your deposit with this bank despite what you have in the chartered bank. Against that is this: the chartered banks themselves are compelled to maintain reserves and it is not the general spirit of the statute that one of the institutions which is permitted to carry on business with the central bank should be maintaining a portion of its reserves with one of the banks that has itself to carry on its business in the way indicated. The other answer in favour of the amendment is this: that inasmuch as any chartered bank that receives a deposit is compelled by law to have a deposit with the central bank, there is inferentially a twofold security, that is the security made by the chartered bank that has the deposit as well as the security of the reserve in notes held by the savings bank to the satisfaction of the Bank of Canada.

Mr. STEWART (Edmonton): As the Bank of Canada is in control, could it not ask for an increased deposit?

Mr. BENNETT: That is my judgment. Unless there is some reason in the minds of the house why we should disagree, after looking at the matter from every angle, in view of the fact that the deposit made by the savings bank with a chartered bank will have in itself to be covered by a deposit in the central bank, that makes the matter perfectly secure.

Mr. IRVINE: Would it not be quite satisfactory for these two banks for which provision is being made, to be governed in their borrowings from the central bank by the same regulations that govern the chartered banks?

Mr. BENNETT: They are. The only addition is this: hon. members will recall that among the powers that the bank may exercise is that of lending money to chartered banks and this puts the savings banks in exactly the same position as the chartered banks, so the only question for consideration is really whether a reserve partly maintained in a chartered bank but in every instance to the satisfaction of the governor of the central bank, is adequate. Frankly, in view of the fact that the chartered bank must maintain its reserve for that deposit, we are quite safe in accepting the amendment.

Mr. RALSTON: The only other point about the matter is that I think the method of requiring a reserve from these Quebec savings banks is perhaps more scientific than that which we adopted in the bill itself in providing for a rigid reserve. I am strongly in favour of this kind of provision for a reserve, namely, one which the central bank may increase or decrease as the exigencies of the case demand. That seems to give a better control of credit than to have a fixed reserve of five per cent.

I am in favour of the amendment.

Mr. BENNETT: Mr. Speaker, you have been good enough to let us carry on this discussion so as to expedite business. I quite realize the fact mentioned by the hon. member, but there are certain circumstances, to which attention need not now be directed, that arose out of the operations of the Finance Act and of the banks whereby their reserves are at a low figure relatively to the position in England where ten per cent is the figure for large banks, six per cent being in notes of the Bank of England and four per cent being in deposits in that institution. In this instance, when we say "not less than five per cent", we are giving the banks substantial leeway in view of the fact that part of that may be carried in notes of the central bank.

The question is: Shall we accept the amendment? I see no reason why we should not unless there is some reason given against it.

Some hon. MEMBERS: Carried.

Mr. BENNETT: The other amendments I think I have sufficiently explained as to the changes which are not important and which, I believe, are in the interests of the bill itself.

Mr. RALSTON: With regard to the surrender of gold, there is no provision for these banks surrendering gold. I do not know whether they have any or not, but I assume they have some. Is it intended that they shall surrender it?

Mr. BENNETT: The bill says: "every chartered bank shall", and they are chartered banks within the meaning of the statute. The words "chartered bank" means a bank to which the Bank Act applies.

Mr. DONNELLY: Has the Quebec Savings bank any gold?

Mr. BENNETT: It probably has not. It might have a little. It is not a rule for it to carry any reserve of gold, but there have been cases in which, according to the bank returns, these two banks have had gold. The name is not the Quebec Savings bank. The banks have their existence under the provisions of the Quebec Savings Banks Act. One bank is the Montreal City and District Bank and the other is La Caisse d'Economie de Notre Dame de Québec. I think it is contemplated that the gold would be returned over to the Bank of Canada.

I would therefore move that the remaining amendments be concurred in.

Motion agreed to; amendments read the second time and concurred in.

FRANCHISE COMMISSIONER

APPOINTMENT OF JOHN THOMAS CONNOLLY THOMPSON, D.S.O.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, before you leave the chair I would like to make a motion now that the franchise bill has been disposed of. I move:

That John Thomas Connolly Thompson, D.S.O., of the city of Ottawa, in the province of Ontario, one of His Majesty's counsel, learned in the law, be appointed dominion franchise commissioner in accordance with the provisions of an act respecting the franchise of electors at elections of members of the House of Commons.

I was going to ask my right hon. friend to second the motion.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I have much pleasure in seconding the motion which my right hon. friend has just moved. All who know him must regard Colonel Thompson as a man of the highest probity and integrity. His honesty and ability cannot be questioned. I for one am prepared to believe that the qualities of character which have made him somewhat rigid in the work of administration of the particular commission over which he presides are characteristics of a strict impartiality and honesty of purpose which may give him a special fitness for this particular post.

Mr. STEWART (Edmonton): May I draw the attention of the Prime Minister to the fact that the legislation provides that the salary be fixed as well?

Mr. BENNETT: That was fixed this afternoon; it is in the bill and not in this motion.

Motion agreed to.

PUBLIC WORKS CONSTRUCTION ACT

The house resumed consideration in committee of Bill No. 113, to provide for the construction and improvement of certain public works and undertakings throughout Canada—Mr. Stewart (Leeds)—Mr. Smith (Cumberland) in the chair.

On section 9—Orders laid before house.

Mr. MACKENZIE KING: At six o'clock I was speaking about an amendment that I wished to move to clause 9 which reads:

All orders in council made under the provisions of this act shall be laid before the House of Commons forthwith after the making thereof if parliament is then sitting, and if not, then within the first fifteen days of the next ensuing session.

This clause is similar to the one which has appeared in some of the acts respecting relief that have previously been passed, but it omits a very significant clause which is in the other relief acts, namely, that if parliament is not sitting such orders in council or regulations or an abstract thereof disclosing their essential provisions shall be published in the next following issue of the Canada Gazette. I ask the Minister of Public Works if he cannot see his way to include a similar additional clause to section 9, and to that end I would move:

That section 9 be amended by inserting after the word "then" in line thirty-nine, the words "said orders in council or an abstract thereof disclosing their essential provisions shall be published in the next following issue of the Canada Gazette and laid before parliament."

I point out that this measure provides for a total expenditure of forty million dollars, and the greater part of it will be made before parliament reassembles. I think it is but reasonable to ask, particularly as the measure is one purporting to be for purposes of relief, that the same procedure should be followed

with respect to advising the country as to such orders in council as may be passed under this measure as has been followed with respect to orders passed under previous measures.

Mr. STEWART (Leeds): I submit that this section as drafted is sufficient to meet the requirements of the situation. The activities of the government under this act are not of a special character such as those contemplated by the Unemployment Relief Act. In fact my right hon. friend and some of his followers have contended that many of these items might very well have appeared in the regular estimates of the department. The opposition have contended from time to time that they were prepared to vote practically any sum for the relief of unemployment as long as the government came before the house and gave particulars and details of the expenditures. This is not a blank cheque—

Mr. MACKENZIE (Vancouver): In spots it is.

Mr. STEWART (Leeds): Well, to a very limited extent. It is an act authorizing the expenditure of specific amounts for particular purposes. There is nothing extraordinary or exceptional in its character. Therefore the reasons which prevail for publication of orders in council under the Unemployment Relief Act, which are of a special and exceptional character, involving activities outside the regular sphere of the work of the dominion government, do not apply to this. These are additional expenditures upon purely dominion undertakings. As my right hon. friend has said, they might perhaps properly appear in the regular estimates. If they had appeared in the regular estimates no one would suggest that any such provision should be inserted. A special provision has been inserted in the bill, section 10, providing that—

> The Minister of Finance shall make a report to parliament within the first thirty days of each session during the currency of this act, containing a statement of all moneys expended under the provisions thereof and the purposes to which they were applied.

So I think we have anticipated to a very large extent the purposes which my right hon. friend has in mind. Let me compare that provision with what happens in the case of an expenditure in the regular way by the public works or any other department. These expenditures appear in the public accounts, but they would not be presented to parliament until the year following. We have anticipated that and provided that when parliament assembles we shall present a statement containing the details of these expenditures. They are not of an exceptional character, but are within the scope of the regular expenditures of parliament. It really is not necessary, I think, to go to the expense of publishing in the Canada Gazette a precis of orders in council with respect to the detailed expenditures. For these reasons I submit that the amendment is unnecessary and that every interest has been safeguarded by the provisions of the bill.

Mr. MACKENZIE KING: The reason which was given by the minister is really amusing. It is quite funny. He says he does not think it is advisable to go to the expense of publishing a precis of these orders in council in the Canada Gazette. I suppose the cost of publication of a precis would amount to the cost of the setting of the type, because the rest of the cost would be the ordinary cost of getting out the Gazette in any event. It might come to ten or at the outside fifteen dollars an issue. I question if it would come to that. On the other hand the minister does not hesitate to ask us to vote forty million dollars for the purposes named in this bill. He asks us to vote that great sum for all kinds of purposes, and then he says it is rather too expensive to publish a precis in the Canada Gazette. I believe this measure—and I believe so more strongly than ever in view of what the minister has just said—is intended for election purposes. All these sums being appropriated are largely for the purpose of distributing money in different constituencies at a time just preceding an election. My belief is that an election will be held before parliament meets again, and the reason the minister does not wish to have any precis put in the Canada Gazette is that he does not wish the public to know how these moneys are being distributed. I say he must render himself open to that criticism and suspicion unless he is prepared to acquiesce in a very simple and obviously fair and reasonable amendment such as the one I have moved here.

Let me direct attention to the last item in the schedule to the bill:

> To supplement where necessary specific amounts hereinbefore provided, upon the authority of the governor in council, $500,000.

That is half a million dollars just to be moved about in differing amounts at the pleasure of the governor in council. This will have to be done by order in council. Why should the public not know how much of that half million dollars is being paid out, when and where, and how much is going to one locality and how much to another? There is no defence for not being willing to acquaint the public with that. This talk about having

a report submitted to the next parliament is altogether beside the mark. It is meaningless. The public will want to know how this money which we are being asked to vote for relief purposes is going to be spent from month to month. The minister says that we were prepared to vote a large lump sum. That was always on the understanding that it would be accompanied with safeguards I am proposing which would ensure that the public be kept acquainted with the expenditure. And the attitude of the minister is the more unreasonable in that heretofore this has always been done.

Mr. BENNETT: No.

Mr. MACKENZIE KING: I have in mind the bill passed at the last session.

Mr. BENNETT: That was because there were no details of the proposed expenditures. It was an estimate.

Mr. MACKENZIE KING: There are no details of the half million dollars and other amounts here.

Mr. STEWART (Leeds): The wording of that item is taken from the wording of the regular estimates of the Public Works department year after year. It is an item that has appeared in the estimates of that department right along during all the years.

Mr. MACKENZIE KING: Then let us look again at schedule A; here is an item:

Harbours and Rivers Generally—
Improvements, maintenance of services, repairs and additions, $2,500,000.

Here is another: Interior department, $2,000,000. There is $4,500,000 just in a lump sum. That money will have to be spent, I assume, by orders of the governor in council. If not, it will be departmental expenditure previously provided for by order in council. If this is intended to help unemployment why should not the public have a precis from month to month? There can be only one answer, that the government is seeking to conceal the manner in which it will spend this money. I do not think we should allow this committee to report progress until we get satisfactory procedure on that point.

Mr. BENNETT: I take it the right hon. gentleman desires to be fair. Will he give me any instance in which there has ever been any such provision as this inserted in the law, except where there was a general appropriation? I am just telling what happened. During the last days of his government he entered into a contract with respect to dredging in the St. Lawrence river, for instance, for which we have had to provide money ever since, and which is not quite finished yet. We knew nothing of it and neither did the public, because there was an item in the estimates providing for dredging.

If you will be good enough to look at the schedule to this bill, Mr. Chairman, you will find that the name is given as to the location of every proposed expenditure. The half million dollars is merely to take care of the fluctuations that sometimes happen in connection with contracts. For instance, one of the contracts that came to this government as a legacy was in connection with a coffer dam in Saint John harbour, for which the contract price was so low that it was quite clear that it could not be built for that amount of money. The coffer dam went out twice, and for extras that had been incurred before we assumed office it cost us more than the contract price. No one published a precis of that in the Gazette; it was never asked or suggested that this should be done.

I suggest that if we are going to adopt this as a principle in this house it should be the subject matter of general legislation. I could start at Halifax and go straight through to Vancouver. For instance, I discovered only by accident that my hon. friend the ex-Minister of Public Works (Mr. Elliott) had raised the salaries of charwomen a few days before the election.

Mr. ELLIOTT: That was understood months before.

Mr. BENNETT: Certainly it was not published in the Gazette. Let us be fair with each other. Everything in this bill complies with the provisions that have obtained heretofore in connection with estimates. I will admit that there is one item of $2,000,000 in connection with the Department of the Interior, and a further item of $2,500,000 in connection with harbours and rivers generally. As I said to the hon. member for Shelburne-Yarmouth (Mr. Ralston) when he mentioned it the other day—and this was one of the matters that influenced the government in making the item so large—there have been severe storms on the Atlantic coast resulting in great destruction of wharves and breakwaters in the little harbours. We could not undertake to specify them all here; to do so would have been ridiculous, but this item will cover them. The reason the last section is in this bill is to enable parliament, just as soon as the house meets, to have full knowledge of what has been done. That is unusual, but because we have to spend money for these particular

purposes, owing to conditions to which the hon. gentleman very properly referred the other day, we have provided that this house shall be seized of all the steps that have been taken as soon as the house meets, which is unusual. Otherwise we would have to wait for the auditor general's report.

I hope hon. gentlemen opposite will be fair and will not ask us, because we are near prorogation, to do something which is unsound as a principle unless adopted as a new rule in connection with all public expenditures. The hon. gentleman asks that whenever an order in council is passed a precis of it shall be published in the Gazette. The rules require that matters dealing with public policy should be so dealt with but in this case just what would happen? In connection with this legislation, over a period of months, probably there would be three or four hundred orders in council. What would the precis amount to? "Contract let for an addition to a building at Kamchatka for $10,000; contractor, John Smith and Company." That would be all, and what purpose would be served by that? It never has been done before, nor has it been asserted that it should be done. I can only say that I think the right hon. gentleman's sense of fairness, when he looks at the schedule, will satisfy him that we have endeavoured to do what always has been done, and have gone just one step further. I may say that I accept the responsibility for that last section. I felt that with respect to those basket items, if I might call them such, we should give the fullest information at the earliest possible moment, and when the house meets the information will be supplied at once. I think probably that is about as fair a proposal as has ever been made in this house.

Mr. MACKENZIE (Vancouver): The election will be over then.

Mr. BENNETT: The hon. gentleman's prescience, I suppose, is very great in the sense that he is a Hielander, and no doubt always will have that second sight that is denied to other people, but it will be remembered that coming events cast their shadows before.

Mr. MACKENZIE KING: The Prime Minister cannot have it both ways. He can either say that these are ordinary items of departmental expenditure on public works and that the same policy should be followed with respect to them that is followed with respect to the items in the ordinary estimates, or he will have to take the ground, which he has taken up to the present, that these are all exceptional expenditures, and that they are for the purposes of relief, in which event he ought to follow the procedure that has been followed in the past with respect to expenditures for relief. I am basing my attitude and argument on the allegation of the government that these expenditures are intended for relief purposes; it is so stated in the preamble of the bill. The Prime Minister made reference to what happened in the last session of the previous parliament, and I think he spoke of the items that were brought down before the election.

Mr. BENNETT: No, I was not complaining about that.

Mr. MACKENZIE KING: Evidently something of the kind is in his mind at the moment. My right hon. friend spoke about dredging in the St. Lawrence. I find here in the supplementary estimates presented a day or two ago an item of $1,000,000 for the St. Lawrence ship canal, dredging, and to provide for work performed and to be performed by contract. That looks like the eve of an election.

Mr. BENNETT: That is part of the legacy we inherited under that contract.

Mr. STEWART (Edmonton): Why did you not vote it in the main estimates?

Mr. BENNETT: Because most of the work has been done. The rest of it is with respect to the St. Augustine bar which is in front of the bridge coming up the St. Lawrence river.

Mr. MACKENZIE KING: This bill has been referred to right along as a measure for the purpose of relief, and the preamble says:

> —and whereas the construction and execution of the works mentioned in the schedule hereto will tend to increase employment and reduce expenditures for relief purposes—

That is the whole purpose of this measure, professedly. From the beginning I have said that I do not think such is the purpose at all but that the purpose is to put the government in possession of sums of money which they will be free to distribute all over the country. I think the public will be very much interested in knowing whether with its money John Smith and Company of such and such a village gets a contract of a certain amount just a few weeks before the election takes place; I think in other constituencies the public will be interested to know who secured the contracts that are let and sums paid out for all kinds of purposes. Unless that is what the

government are seeking to conceal why will not the minister come across in this and do exactly as he has done in previous relief measures?

Mr. RALSTON: I just want to direct the Prime Minister's attention to what really are the blank cheque items. On page 4 there is an item of $2,500,000 for harbours and rivers generally; improvements, maintenance of services, repairs and additions. An item of that size never has been voted before in connection with harbours and rivers. Here is another basket item, to use my right hon. friend's expression:

Interior Department—
To provide for the construction and development of public buildings, camp sites, electric light and telephone systems, highways, trails, water and sewer systems, recreational areas, wharves, and river protection works; to provide for the development of historic sites including buildings repairs and restorations; also to provide for the construction of the Golden-Revelstoke (Big Bend) section of the trans-Canada highway between Golden and Canoe river, further to provide for the purchase and acquisition of building sites, $2,000,000.

That is spread clear across the Dominion of Canada, from Halifax to Vancouver. Then here is another item:

Indian Affairs Department—
For the reconstruction of Indian residential and day schools, and hospitals, $500,000.

That is spread across Canada as well. Then there is another item:

Public Buildings Generally—
Improvements, additions, fittings, repointing, painting, repairs and renewals to heating, floors, roofs, plumbing, electrical installations, improvement of grounds, sidewalks and roadways; and incidental expenditures in connection therewith, $2,000,000.

I submit that those are not ordinary items. There is another item on page 6 of the bill providing for an expenditure of $500,000. It is as follows:

To supplement where necessary specific amounts hereinbefore provided, upon the authority of the governor in council.

Those items are altogether different from the ones voted under the estimates. As is stated in the preamble, they are voted to effect national recovery. The actual words are "for the general advancement of the country and to accelerate recovery to more normal economic conditions". I submit that the Prime Minister ought to be fair, and—

Mr. BENNETT: I will meet my right hon. friend in this regard. I am content that with respect to those items for which there are no particulars, this amendment should apply, but with respect to the others the normal provision in connection with estimates will be applicable. If the right hon. gentleman will arrange his amendment accordingly I shall meet him. I will say that with respect to harbours and rivers generally, the representations made by the hon. gentleman were not without some force in connection with conditions on the Atlantic, because I had a report, myself, as to the abnormal storms which had created those conditions. In connection with the item of $2,000,000 for public buildings I think the minister proposes to add to it the new constructions, because there are places in which the old buildings have to be torn down entirely, and new buildings put up. I shall be pleased now to meet the conditions stated by the right hon. gentleman, by providing that in all items other than those specifically mentioned the precis should be published in the Gazette.

Mr. MACKENZIE KING: In the circumstances I shall be prepared to accept the Prime Minister's offer. My amendment will then read:

That section 9 be amended by inserting after the word "then" in line thirty-nine, the words: "Said orders in council or an abstract thereof disclosing their essential provisions shall be published in the next following issue of the Canada Gazette, and laid before parliament, in the case of all expenditures the amounts of which are not specifically set forth in schedule A."

Mr. BENNETT: I am prepared to accept that.

Mr. MACKENZIE KING: Thank you.

Amendment agreed to.

Mr. POULIOT: Before the section is carried let us go back to January 2, 1931. I have before me a most admirable speech delivered in the city of Calgary about unemployment. It is reported in the Montreal Gazette. It is not very long, and this would be the most convenient time to—

Mr. BENNETT: Mr. Speaker, the rule is that the hon. member is out of order, and perhaps it might as well be enforced to-night. I submit newspaper articles read for the purpose of influencing the action of parliament are and always have been out of order.

Mr. POULIOT: Speaking to the point of order, may I say that I have no intention of delaying the session. I would not make a long speech. I have tried to learn some speeches by heart. But according to the rules of the house, a number of which I know by heart, let me tell you that it is permissible for a member to quote any speech delivered outside the house. The speech I shall read was not delivered by Abraham Lincoln at

Gettysburg, but was delivered by the right hon. Prime Minister in his own constituency of Calgary. It is headed "Bennett Plans Move to Avoid Future Slump. Is Not Satisfied with Temporary Relief."

Mr. STEWART (Leeds): What is the date of it?

Mr. POULIOT: January 2, 1931. The heading continues with the words "Seeks Final Causes." Then, this is a most important point —I am coming to it: Very often in this house I have asked the Minister of Labour to make a classification of the unemployed, in order to cure unemployment. I was delighted to hear the Prime Minister answer one question this year, after the numerous questions which for four years I have been asking. He answered that the government was doing its best to classify the unemployed.

Some hon. MEMBERS: Order.

Mr. POULIOT: And, sir, I quote this because I am sure that on that occasion the Prime Minister was right. I fully agree with what he said, but the trouble is that he afterwards changed his mind. What he said in Calgary on January 2, 1931, is O.K. He spoke as a statesman, and I did not have an opportunity to congratulate him. I began to congratulate him one day after I had spoken in a debate prompted by the hon. member for Bellechasse. I rose to speak, and I was about to congratulate the Prime Miinster when the house adjourned. Here is the quotation, by the Canadian press:

The CHAIRMAN (Mr. Smith, Cumberland): Order. We are discussing section 9.

Mr. POULIOT: Yes, sir.

The CHAIRMAN (Mr. Smith, Cumberland): I must ask the hon. member to make his remarks as relevant as possible.

Mr. POULIOT: Just a minute, sir. May I say just one thing before you give a final decision. Section 9 reads:

All orders in council made under the provisions of this act shall be laid before the House of Commons forthwith after the making thereof if parliament is then sitting, and if not, then within the first fifteen days of the next ensuing session.

This section refers to orders in council. The orders in council express the policy of the government with respect to relief of unemployment. Therefore, sir, when I quote the excellent speech delivered in Calgary by the Prime Minister with regard to unemployment, stating his policy at that time to end unemployment, I am perfectly within the rules. I am quite in order because the orders in council mentioned in section 9 are supposed to contain the government's policy on the relief of unemployment. For these reasons I submit I am perfectly in order.

I do not criticize that speech. I eulogize it, I praise it, and I am sorry that the policy indicated therein has not been the policy followed by the government. I read:

Calgary, January 2. Application of temporary measures to correct present economic conditions will not satisfy Premier R. B. Bennett.

Some hon. MEMBERS: Order.

The CHAIRMAN (Mr. Smith, Cumberland): Order.

Mr. POULIOT:

He is determined to unearth the final causes of the present depression and lay a secure foundation for permanent future prosperity. So he told a large gathering of his fellow citizens of Calgary assembled to-day at a luncheon arranged jointly by the board of trade, the young men's section of the board of trade, and the Kiwanis club.

The CHAIRMAN (Mr. Smith, Cumberland): Order, order.

Mr. POULIOT:

"I cannot make up my mind" he said, "why this country between the lake and the mountains should experience the depression, why people who have lived here for years should now find themselves without any accumulation of goods, sometimes without the bare necessities of life."

The CHAIRMAN (Mr. Smith, Cumberland): Order. I wish to call the hon. member's attention again to the section under discussion, and the fact that what he is reading is not, in the opinion of the chair, in any way relevant to this section. I declare his remarks out of order.

Mr. POULIOT: I am sorry that the chair is wooden and wrong.

The CHAIRMAN (Mr. Smith, Cumberland): Order.

Some hon. MEMBERS: Withdraw.

Mr. POULIOT: It is an insult to the Prime Minister. How can we praise the Prime Minister, when we are prevented from doing it?

Mr. BENNETT: Name him.

Mr. MACKENZIE KING: The amendment has been revised in accordance with the agreement with the Prime Minister.

Mr. BENNETT: Yes, it is accepted.

Section as amended agreed to.

On section 10—Report to parliament.

Mr. POULIOT: On this section I would criticize the Prime Minister.

Some hon. MEMBERS: Order.

Mr. POULIOT: I am very sorry, sir, that those admirable statements made at Calgary have been forgotten. That was admirable; everyone agreed with it.

Mr. BENNETT: Mr. Chairman, it would be disastrous in the closing hours of the session if we should have to take action provided by the rules to deal with the hon. member for Témiscouata. I hope he will not make it necessary for the leader of the house to take action to that effect. I can say only this, that when the ruling of the chair is given we expect it to be obeyed.

Mr. POULIOT: Well, sir, on the point of order: The first part of the discussion was on another section, which has been approved. Now I was about to make another speech, but as it does not seem to please the government I will take the first opportunity to make it outside the house.

Mr. MACKENZIE KING: This section is somewhat similar to the section in the previous relief act, but there is no section in this bill similar to section 11 in the latest relief act which relates to the duration of the act. I think the minister should add a section to the effect that this act shall expire on March 31, 1935, unless there is some special reason why that should not be done.

Mr. STEWART (Leeds): My right hon. friend will observe that several of these items are for the construction of large buildings which manifestly cannot be completed by that time. Many of the works contemplated will be completed but many of them will not. I submit that we should not limit the operation of the act to a time known to be insufficient for the carrying out of its provisions and the expenditure of money which is authorized. I might say the practice in other countries is to make an appropriation for the carrying out of a certain work without limitation as to time.

Mr. MACKENZIE KING: Yes, but the minister knows that the practice in this parliament and in the British parliament with respect to public works is to vote what is necessary only for a fiscal year at a time. That is one of the ways in which parliament maintains its control over expenditures. There is no reason in the world why these expenditures should not be subject to the same control on the part of parliament as all other departmental outlays. I see in this another election device in the desire to give out work which will run over as many years as possible and for which some subsequent government will have to meet the expenditure. I certainly think there should be some section to limit definitely the time for which these appropriations are to be made. If buildings are in the course of construction, a subsequent administration may vote what is necessary to continue the work.

Mr. ELLIOTT: Just to supplement what my right hon. leader has said: The same point was raised when the first relief act was being considered, and I do not think anyone knows as well as the minister in charge of this bill the evils which arose under that act. There is no reason in the world why an estimate should not lapse at the end of a fiscal year. Any reasonable estimate will be revoted by the house. Should a contract be let for large public works which expires on March 31, I think it can be assumed that the necessary money will be revoted provided a reasonable explanation is given. I do not think it is within the experience of any hon. member that such a course was not pursued. I submit that there should be a limit upon these things, and that limit should be mentioned in the bill.

Mr. STEWART (Leeds): I would point out that this is a special appropriation, the object of which is to provide employment over a considerable period of time. It is not in the nature of an ordinary supply vote; its purpose is well defined and well understood, to sustain employment over a period of a year or longer. Any termination of the act at any particular time would be calculated to defeat the object in view.

Mr. DUPUIS: Why not let parliament revote this at the next session?

Mr. STEWART (Leeds): They are voting it now.

Mr. MACKENZIE (Vancouver): Could the minister give us an idea as to when most of these undertakings will be commenced?

Mr. STEWART (Leeds): I should say that we will be able to commence some of the works within a month. Tenders have been advertised in a considerable number of cases while in others the plans are not yet prepared. It will take some little time to prepare the plans.

Mr. MACKENZIE (Vancouver): Is it reasonable to assume that the work in connection with most of the undertakings mentioned in schedule A will be commenced within a month?

Mr. STEWART (Leeds): I should think so. Some of these works cannot be carried on during all the year, although construction work on the Pacific coast can be carried on the year round.

Mr. MACKENZIE KING: I just move formally that the following section be added:

This act shall expire on the thirty-first day of March, 1935.

Amendment negatived on division.

Mr. MITCHELL: I should like to refer to the adoption of the fair wages policy in connection with these contracts, and I think I am in order under this section. I should like to ask the minister whether it is the intention of the government in these works to enforce rigidly the fair wages clause in connection not only with construction but with fabrication.

Mr. STEWART (Leeds): Perhaps I should have explained on the second reading the procedure which we have adopted. An order in council has been passed which provides, first, that Canadian materials shall be used where available; second, that if Canadian materials are not available, then materials from within the British Empire shall be used. It is only when materials from either of these sources are not available that the contractor may supply from foreign countries. For some years we have included in all our contracts the schedule of wages adopted by the Department of Labour each year.

Mr. MACKENZIE (Vancouver): Does that apply to sub-contracts?

Mr. STEWART (Leeds): These vary from year to year. I will take up the sub-contracts in a moment. This schedule of wages is attached to the specifications and made a part of the contract. It is posted on the work; the contractor must comply with it and we follow up very strictly to see that he does comply with it. With regard to sub-contracts, there seems to be some constitutional difficulty in the way. We go as far as we can go to reach the limits of our power under the constitution.

Mr. MACKENZIE (Vancouver): What about the use of local labour and materials?

Mr. STEWART (Leeds): That has been suggested. When you ask a man to sign a contract containing a provision which enforces him to employ local labour, you are immediately in difficulty. When you stipulate where he shall get his labour, and that sort of thing, he probably may have some claim for extras. We have had a large measure of success in making representations in this connection to the contractors, and we do all we can to see that local labour and local materials are used.

Mr. BENNETT: That can be done in the large cities.

Mr. STEWART (Leeds): You cannot do it in the smaller places.

Mr. MITCHELL: May we rest assured that section 5 of the fair wages act will be enforced?

Mr. STEWART (Leeds): Yes, as far as we have jurisdiction.

Mr. MITCHELL: I would suggest that no overtime be permitted to be paid in the carrying out of these contracts.

Mr. STEWART (Leeds): Overtime is permitted only in cases of emergency. Sometimes a contractor makes representation that it is necessary because of the season of the year. Sometimes if the work is carried on to a certain stage the contractor can provide work for his employees, perhaps during the winter time. Each of these applications is considered on its merits, and dealt with accordingly.

Mr. MITCHELL: With so much unemployment, I cannot imagine any job requiring overtime. I have no objection to running a job twenty-four hours a day with shifts, but I think there should be a limit to the hours worked by any one man.

Section agreed to.

On schedule A.

Mr. MACKENZIE (Vancouver): May I trespass for a few minutes on the time of the committee? I am reasonably satisfied with the appropriations for British Columbia, but I want to refer particularly to the $2,000,000 item which I understand is to be under the control of the Minister of the Interior (Mr. Murphy). I see that a portion of the Big Bend highway is mentioned and I want to recommend to the minister that as far as possible in the interests of Canadian traffic from shore to shore this highway be completed as soon as possible. The minister is aware of the financial difficulties that keep British Columbia at the present time from carrying out its part of the contract, and my recommendation is that if at all possible he should improve the highway from Yoho park to Golden in British Columbia and, if it can be

done, take over from the province the road up to Revelstoke park. All the boards of trade, automobile associations and business men's organizations are in favour of the suggestion. I want to commend the minister for the small item for bank protection in Stanley park. It is small but a step in the right direction. And now I wish to submit a human appeal and that is the very urgent necessity to-day for a new tuberculosis sanatorium in greater Vancouver.

Mr. BENNETT: That is not within our jurisdiction.

Mr. MACKENZIE (Vancouver): I submit that it is, in this way. I believe it is correct to say that in one or two instances the dominion government has provided twenty per cent of the cost of sanatoria, and that is all I ask for in this connection. To-day in greater Vancouver particularly there exists a very grave emergency in regard to tuberculosis. There are 1,600 active cases and probably about 1,000 not yet reported. There are two new cases being discovered every day and there is one death every forty-eight hours. The disease is causing six times as many deaths in Vancouver as are caused by all other communicable diseases, and the mortality is three times greater in that province than it is in Saskatchewan. Outside of Tranquille there are at least 2,000 active tuberculosis cases in British Columbia to-day and it is estimated by the medical authorities that twenty per cent of these originate outside the province. In regard to hospital treatment I am informed that it costs at least $1,000 a year for each patient, and the 400 cases from outside cost at least $500 a day. About ten per cent of these pay, leaving $450 a day to be paid by British Columbia, or $165,000 a year. Let me give briefly the death rate from tuberculosis.

Mr. BENNETT: Bad advertising.

Mr. MACKENZIE (Vancouver): But the facts must be faced and grappled with immediately by the authorities. The death rate in British Columbia as compared with some of the other provinces is as follows:

	Per 100,000
British Columbia	80·1
Saskatchewan	28·7
Ontario	46·4
Alberta	49·1
Manitoba	56·3

This matter comes within the purview of the Department of National Health, and one of the deputies made a special report on the situation, submitting comprehensive recommendations with respect to the immediate necessity of facing this very serious problem and the request for an institution to provide for two hundred beds at a cost of $500,000. It is requested that the dominion government contribute twenty per cent of the cost, as was done in other provinces previously, or $110,000, the balance to be financed on easy interest terms.

I will not go over all the other details. The Prime Minister knows that we have a very serious oriental problem to deal with in connection with tuberculosis. The death rate from this cause may be graphically indicated by these figures:

	Per 100,000
White	53·2
Japanese	213·5
Chinese	270·7
Hindu	1845·0
General death rate	65·1

This is a grave situation that does not prevail in any other part of the dominion, and I would ask the Miinster of Public Works that, if at all possible, he try to meet the very urgent request of the province, involving a cost of $500,000, for which the dominion government would be responsible to the extent of twenty per cent only. I would urge upon the minister that, somewhere in greater Vancouver, as recommended by the medical authorities of the Department of National Health, he make provision in this regard. This request is made in an earnest and constructive spirit.

Mr. REID: Is the $300,000 for improvements in Fraser river for some specific purpose?

Mr. STEWART (Leeds): It is for whatever may be found to be necessary. Conditions develop from time to time requiring attention and unfortunately we have not been able to meet all the suggestions of my hon. friend. This amount is to take care of existing conditions or conditions as they develop. I move the adoption of the schedule with the right of any hon. gentleman to discuss any particular item. I have however some suggestions to make in connection with two or three of them. First, in regard to No. 18, Calgary, $1,200,000, which has been the subject of some comment, I suggest that it be amended to read "Calgary or elsewhere in Alberta." There may be some question as to the exact location of the building.

Mr. MACKENZIE KING: The motion is satisfactory so far as we are concerned. The minister has referred to Alberta and perhaps I may at once say a word or two with respect to the items for that province, or rather for Calgary. The Calgary item is $1,200,000, bar-

racks for permanent forces. That is one of three items that come within the constituency of the Prime Minister. The next is Bow River, retaining wall, $150,000, and the other, Banff, Alberta, post office and administration building, $150,000. The other evening I made a mistake in stating that the Prime Minister's constituency was receiving 50 per cent of the money voted for Alberta; I should have said 88 per cent. The total for Alberta is $1,707,400. Of that amount there is $200,000 to the Royal Canadian Police Barracks at Edmonton and there is an item of $7,400 for a telephone line from Keg river to Carcajou, Alberta, making $207,400, but leaving one and a half millions in the Prime Minister's own constituency. On the former occasion I called attention to the apparent discrimination between Alberta and Saskatchewan. In Saskatchewan there are only two items for the whole province, one for Outlook, Saskatchewan, a bridge across the south Saskatchewan river, $275,000, and the other a new public building in Regina, $400,000, making a total for that province of $675,000 as compared with $1,707,400 for Alberta. As regards the constituencies represented by the Prime Minister and myself, Prince Albert, in Saskatchewan, which I have the honour to represent, receives nothing whatever while the Prime Minister's constituency gets $1,500,000. By way of contrast, may I point out what took place in the last session of the last parliament when the Liberal administration was in office. I was then representing Prince Albert and my right hon. friend, Calgary. He was at the time leader of the opposition. Nothing was voted for my constituency at that time, but for a public building in Calgary there was a vote of $1,000,000.

Mr. BENNETT: To pay for a building already under construction. It could not be escaped.

Mr. MACKENZIE KING: I cannot understand how the Prime Minister has permitted these amounts to go into his own constituency.

Mr. BENNETT: I will explain, if you will give me a chance.

Mr. MACKENZIE KING: It should be enough to defeat every follower of his in his own province and in the other provinces. Really, the only explanation I can give to myself that seems at all satisfactory is that the Prime Minister must be contemplating retiring from public life and is making a bequest out of the public treasury to the constituency that has honoured him with its representation in this house. Otherwise I cannot imagine why he has undertaken to vote $1,500,000 to his own constituency and these paltry amounts to others. He is all powerful in these matters, and this is what the schedule reveals.

Mr. BENNETT: I am simply astounded that one with the experience of the right hon. gentleman would speak in the way he has to-night.

Mr. MACKENZIE KING: I was more astounded by what I saw in this schedule.

Mr. BENNETT: It does not reflect credit to this parliament that he should make the explanation he has made.

Mr. MACKENZIE KING: I say the same about what appears in these estimates.

Mr. BENNETT: If my right hon. friend will take trouble to listen he will have no difficulty in understanding the matter. In the first place the hon. member for West Edmonton (Mr. Stewart), who is sitting beside him, knows the conditions in Banff; he was Minister of the Interior. An opportunity is afforded to secure the old Brett sanatorium property for $20,000, the hotel having been burned. There is no administration building and no post office building in Banff. The town is visited by more people than is any other part of southern Alberta, and the complaints have been very numerous and have been directed against this government ever since we took office that we did not provide a post office and administration building. I felt that under normal conditions it was impossible to do so and this vote which has arisen because of the handing back to the people of the increased value that has come from gold has enabled a national park, which was in no sense looked upon as belonging to my constituency, to benefit. This was an opportunity to establish a decent administration building and a post office on a site that we should have had when the park was laid out, a site across the bridge on the main street of Banff. That is that.

Second, the retaining wall is being constructed because of the negligence of the right hon. gentleman's government. When he transferred the natural resources to the province, despite the protests that we made that he had not vested the waters in the province and had retained them for the dominion, he and his law officers persisted that they were right and we were wrong. They subsequently changed their minds and found out that we were right, that no steps have yet been taken to vest those waters in the province. This involves a very considerable difficulty because the Irrigation Act provides that those waters

are the property of the crown in the right of the dominion and the irrigation works that have been constructed lying east of Calgary, enhanced the flow of water so that the bed has been eaten out by the scouring of the water until there is only a short distance between the water and gas and other pipes in that area. That explains the item, but it may interest my right hon. friend to know that the major part of the work is in East and not in West Calgary, the latter being my constituency. Very little and, in fact, I think under the new boundary none of it is in West Calgary.

The third item, that is the $1,200,000 is one about which I was quite confident that a person who has the attitude of mind of suspicion and distrust the right hon. gentleman has toward problems that affect public life would at once charge me with an effort to give to the constituency of Calgary more than it should receive. These are the facts: For long years the permanent force of this country has been seeking some permanent barracks. I believe the permanent force will continue to exist as long as governments exist in this country. It is a very small force but it serves to preserve the civil institutions of the dominion in times of civil disorder or insurrection or riot. It is essentially a police force for Canada. A unit of that permanent force has been in Calgary for some years but it has been so poorly housed it has had to be reduced and it is occupying the armouries that belong to the non-permanent militia, greatly to their detriment and greatly to the detriment of the efficiency of militia headquarters. This work involves the construction of ten or eleven units and it cannot be done to supply accommodation for horses and men for less than that sum of money. Recently the city council by a majority protested against that work being constructed in Calgary and I asked the Minister of Works to provide that the item should read: "or elsewhere in the province of Alberta." That is that that work should be constructed in the province of Alberta which is to be the home of a unit of the permanent force. That is the explanation of the item. Because that has been done it is charged that I have been guilty of many offences in endeavouring to remedy an injustice that has been done to the permanent force for the last ten years, because wherever the barracks are, the permanent force will be. If the building is not in Calgary, the permanent force will go somewhere else. That is the position.

Mr. STEWART (Edmonton): We tried to get it to Edmonton.

[Mr. Bennett.]

Mr. BENNETT: I have no doubt as to that. But the necessity for the work was the only factor that governed in any of these matters. When the right hon. gentleman referred to the estimates of 1930 he must have known first of all that the public building is not in my constituency. That is number one. Number two is that in 1912 the government of that day acquired the site but the post office building, which it is, was erected originally on lots given to the crown by citizens of Calgary, the other lots being bought, and the site on the corner of Second street east and Eighth avenue was acquired in 1912 with a frontage of 250 feet on Eighth avenue. The contract was let and the sum of $1,000,000 in the estimates was to pay the contractor for the completion of the building which was completed in the fall of 1932. That is the story.

It seems to be idle to endeavour to induce hon. members opposite to believe there are those still living in this country to whom the question of public necessity is the governing factor in determining how money shall be expended. In this case there was necessity and no man knows the necessity better than does the hon. member for West Edmonton with regard to an administration building and a post office at Banff. Those who have read the press of that community and the criticisms made of successive governments because of lack of accommodation will understand what I mean.

With respect to the scouring of the Bow river and the wash-off of the water power, as I told my colleagues, unless we still owned that river, we would not for a single moment suggest that the work be done. On the other side of the river, as relief works were erected riprap works; we are doing this to supplement them and the majority of the work is in East Calgary.

As I said before, wherever the barracks are erected they are for the unit of the permanent force that must be housed and stabled somewhere west of Winnipeg. Thus far that unit has been in Alberta. This proposal is at my suggestion that the minister should move that there should be added the words: "or elsewhere in the province of Alberta."

Mr. MACKENZIE KING: The right hon. gentleman says that some of these items are due to the neglect of the previous administration and are necessary to fulfil an obligation outstanding for ten years. Why then was this not done in the first or the second or the third session or the fourth session while the Prime Minister has been at the head of the administration? Why do these items come

into this bill just before prorogation, at this last moment of what I believe is the last session of this parliament? This item of $1,200,000 for a barracks is one that ought to have appeared in the Public Works estimates and should not have appeared in any measure that relates to purposes of relief. I want to take exception to these enormous sums for military and police purposes being voted under the pretext of relief.

Some hon. MEMBERS: Oh, oh!

Mr. MACKENZIE KING: Hon. members say "oh, oh;" Have they read the schedule? Look at the large items in this schedule, for military and police purposes: Calgary barracks for permanent force, $1,200,000; Edmonton, Royal Canadian Mounted Police barracks, $200,000; Kingston, Ontario Royal Military College, $350,000—

Mr. BENNETT: Do you object to that?

Mr. MACKENZIE KING: I am not objecting, I am pointing out that these military and police buildings are all being run in under the pretext of being in the nature of unemployment relief. They ought to be in the estimates either of national defence or of the public works department. Then again, a little further on: Montreal, Quebec, armoury, $200,000, and then: City of Ottawa, building to be put up here for the Royal Canadian Mounted Police, site acquired, $1,200,000. Finally, Vancouver, armoury, $240,000. Here are large sums being voted in this measure for police and military purposes. I think that instead of spending a couple of million dollars for barracks and police buildings in the west at the present time as relief, it would be much better to spend the equivalent amount in constructing stock watering reservoirs which would be of service to the farmers of Alberta.

Mr. STEWART (Leeds): That is a provincial matter.

Mr. MACKENZIE KING: That is the kind of relief that would mean something to the people of the province. This business of always bringing forward some humane or alleged patriotic purpose to do in one way what the government hesitates to do in an entirely different way namely in the open, is the kind of thing in this bill that I object to above everything else.

Mr. SANDERSON: I wish to make a suggestion to the Minister of Public Works. As I understand it he is moving an amendment that the amount of $1,200,000 for a barracks at Calgary be in Calgary or any other place in the province of Alberta. I would suggest to him that there is $1,500,000 to be spent in the city of Toronto; why not move an amendment that that be spent, if not in Toronto, in some other parts of the province of Ontario.

Mr. STEWART (Leeds): If there was any specific reason we might do that.

Mr. SANDERSON: I might be able to point out some specific reason.

Mr. STEWART (Edmonton): I think the minister is making a mistake in moving that amendment.

Mr. BENNETT: I am moving it.

Mr. STEWART (Edmonton): Or the Prime Minister. If it is going to cost $1,200,000 to construct a police barracks in Calgary, why not spend it and take the responsibility of spending it? This is one of the reasons why I object to the power taken by the government to transfer items.

Mr. BENNETT: There is no such power being taken.

Mr. STEWART (Edmonton): We are either voting these items as relief or as a straight estimate. I take it we are voting it as relief.

Mr. STEWART (Leeds): Relief would be the same.

Mr. STEWART (Edmonton): As far as I am concerned, as a representative from the province of Alberta I have no particular objection to the expenditure in Banff. I hardly think that the Prime Minister should be charged with discrimination in that regard, because the park is a national institution for the benefit of all the people of Canada. But if these items are for relief, and as the city of Edmonton and the city of Calgary are almost equal in population, with an almost identical relief problem, why are we voting for the city of Calgary as a relief proposition —quite apart from whether it is East Calgary or West Calgary—in the neighbourhood of $1,400,000, and only $200,000 for the city of Edmonton? I have a protest from the mayor and council of that city about this matter, and I would not be doing my duty if I did not bring it to the attention of parliament. Edmonton's responsibility in the way of relief is just as great as that of Calgary.

Mr. BENNETT: Hear, hear.

Mr. STEWART (Edmonton): Yet I hear hon. gentlemen saying—and I am not protesting—that it is necessary for these works to be performed by local labour. That leaves Edmonton in a bad position, particularly as

the government have announced that they are not going to continue direct relief. Naturally the mayor and council of Edmonton are exercised over this matter. In the city of Calgary, with a population of about 80,000, $1,400,000 is to be spent, which is a vastly different proposition from the expenditure of $200,000 in Edmonton, provided, as I have said, it is for relief, and that direct relief is to cease. It means only one thing, that this government is discriminating against the city of Edmonton in favour of Calgary. If direct relief were being continued I would not have a word to say, because then the necessities of Edmonton would be taken care of. But if the government say that this is for relief purpose—and they have said it repeatedly—then they are not treating Edmonton fairly.

Mr. BENNETT: I also had a letter from the mayor of Edmonton, and I wrote a letter to him. The reason that only $200,000 is allotted there is that there was no other public work or undertaking required in Edmonton for which federal expenditure could be made. That was the position. In consequence of correspondence and negotiations with the provincial government we believe we have plans that will take care of the unemployment situation in the north. I quite agree with everything the hon. gentleman has said; I am fully aware of it. I wrote to the mayor, and I say to the hon. gentleman now, that public necessity was the reason for these items in the schedule, and not otherwise. In view of the fact that the capitol buildings have been constructed to the extent they have and the university buildings to the extent they have, and other public buildings such as the post office, there did not seem to be any building that was suggested by the construction survey or by our own except the barracks for the mounted police. The reason they were included was that it is better than paying rent. As there is no interest payable on the money used in the construction of these works, the whole $40,000,000 being available under the circumstances to which I alluded the other day, and as the amount we pay for rentals is very substantial, this will represent a great saving which will enure to the benefit of the taxpayers of Canada.

Mr. STEWART (Edmonton): I would point out to the Prime Minister that there is a very considerable expenditure to be made in the national park at Jasper—I intend to refer to it when we come to it—and would ask that some special attention be given to drafting men from Edmonton for that work.

[Mr. C. A. Stewart.]

Mr. BENNETT: Quite so.

Mr. ELLIOTT: I want to say a word regarding this shifting of items from one place to another—

Mr. STEWART (Leeds): There is nothing of the kind.

Mr. BENNETT: Before the hon. gentleman speaks of that I want to say that the barracks is not a question of shifting, but they have to go some place in the province of Alberta if the permanent unit is to remain in that province. That is the reason for that provision.

Mr. ELLIOTT: Then I take it that the Prime Minister's position is that this building shall be built, but the site is not yet settled?

Mr. BENNETT: That might be.

Mr. ELLIOTT: If the site for that building is not settled I say leave this estimate until some definite site can be submitted to the committee. That is the way to pass public works estimates—know where you are going to place the building before putting the amount for it in the estimates. The members of this house should pass not only on the site but on the building and the amount.

Then I want to say something in regard to the buildings in Ontario. In Ontario—and it strikes me this is not complimentary to this government—large sums are to be spent in the ridings of certain members of the government. I refer particularly to the grants to the city of Guelph, the city of Fort William, and the city of Kingston—it also I think is large—having regard to other places for which this bill makes no provision at all. I was Minister of Public Works long enough to know that if you have the money you can find plenty of places to spend it to good advantage, but I do not think it is complimentary to the government itself to have these large sums going to the constituencies represented by the Prime Minister, the Minister of Justice and the Minister of Railways and Canals. I am glad to see the Minister of Justice here; I happen to have before me his views on these buildings at a time when there was money in this country with which to construct them. May I be pardoned for a moment if I refer the house to Hansard of March 10, 1927, when we were passing estimates not for a few million but for a few thousand dollars. The present Minister of Justice was complaining about an item of some $12,000, and he said:

As I said before, if we had the money in the treasury, if our finances were in a flourishing condition, these buildings might be all

right; they might be very appropriate in these places. But these places have waited for a long time without any very great public inconvenience that we know about, and I say there is no warrant whatever for the expenditure of $20,000 at this place any more than there is for the expenditure of $12,000 at Kensington, Prince Edward Island.

Those were the days when we were reducing the debt and reducing taxation; we had money with which to construct buildings. I want to tell my hon. friend the Minister of Public Works that the people of this country, on whose backs this taxation will fall, are suffering about as badly this year as they have suffered in any year of their existence. That applies particularly to the farming communities, and I see that in this list of buildings those communities are overlooked to the greatest degree.

A couple of years ago the government told us, in regard to unemployment relief, that they would like to have suggestions from all members of the house. At that time I took the liberty of suggesting to the Minister of Labour that he relieve the rural constituencies, in which there were no harbours and which perhaps could get along for a few years longer without public buildings, by eliminating as many as possible of the level crossings. I directed attention particularly at that time to the work that this would supply to men and teams in rural constituencies, many of which are not receiving a dollar of the money being expended by this government. Nothing of that kind has been done.

Mr. MANION: My hon. friend is mistaken. We passed special votes for the board of railway commissioners to assist them in eliminating railway crossings. I well remember at least $1,000,000 being voted for that purpose, so my hon. friend is not right in saying that nothing of that sort has been done.

Mr. ELLIOTT: In what year was that?

Mr. MANION: In 1931 or 1932.

Mr. ELLIOTT: I direct my hon. friend's attention to the fact that these level crossings still exist.

Mr. MANION: There are thirty thousand of them in Canada.

Mr. ELLIOTT: And there are just about as many now as there were when hon. gentlemen opposite took office.

Mr. MANION: There are a few less.

Mr. ELLIOTT: Unfortunately, in the county in which I live, and in the adjoining county, there are a great many very dangerous railway crossings. A short time ago in the town of Rodney we had a level crossing accident in which four or five of the flower of the Canadian nation were wiped out in a flash. This is happening every day; you cannot pick up a newspaper without reading of such accidents, yet we have these large amounts expended in urban districts with very little consideration given the rural districts. I very much object to that.

I notice that in this schedule there are amounts to be expended generally; I want to make a plea to the Minister of Public Works, and I hope he will pay attention while I make it. I do think that, out of the amount he will have at his disposal, he could very well utilize a substantial sum to assist the railways in eliminating level crossings. I say the same to the Minister of Railways with regard to the sum he will handle. The Minister of Public Works was good enough to supply me with the estimates for each department, and after all, while he talks about these not being public works in part, let me call his attention to the fact that of this total sum nearly $30,000,000 is for the Department of Public Works. There is $700,000 for the marine department, $15,000 for national defence, $2,000,000 for interior, $500,000 for Indian affairs and $240,000 for railways and canals. I do think that if you are going to attempt to give work to men and teams in the rural constituencies you cannot do it in any better way or in any way which will arouse less jealousy as between the different parts of the community than by endeavouring to eliminate these level crossings which are such a great menace to the people of this country.

Mr. DONNELLY: In reading over this schedule I was very much surprised to find such a small grant for the province of Saskatchewan. If this were divided according to population the province of Saskatchewan should receive between $3,000,000 and $4,000,000, but we find only something like $675,000 going to that province. I do not think any part of the world or any part of the Dominion of Canada has suffered as much or needs employment more than Saskatchewan. A short time ago the Prime Minister said that he had in mind only two things in drawing up this schedule, first the relief of unemployment and second the necessity of the work. If he had those two things in mind I would suggest that there is no section of Canada that is more in need of aid than the southern part of Saskatchewan, and the southern part of western Canada generally. For five years these people have had no crops; for five years they have been practically on the dole. The neces-

sity for relief of some kind or other is appalling. If the condition existing in Saskatchewan to-day were to come about overnight, like the Halifax disaster some years ago, we would find relief coming from every section of the world, but here we do not find a dollar given to the people in that part of Saskatchewan to help them in any way.

One of two things must be done. Either those people in the southern part of Saskatchewan must be moved out and the land abandoned or something must be done in order to rehabilitate them. I suggest to the government that something should be done to rehabilitate these people on the land. I still have faith in that part of the country, remembering as I do that for twenty years, from 1909 to 1929, it produced an average of something like twenty bushels to the acre. Those people believe they can still produce crops if climatic and other conditions become favourable. To-day they are suffering from three things, first from climatic conditions, second from soil drifting and third from pests of different kinds which have to be combated. I wish to refer particularly to soil drifting. Not one thing has been done to enable these people to combat soil drifting. This condition is spreading from the south to the north, across the open prairies of Saskatchewan. I say this government should do something about it. Something should be done, and done immediately. Things should be taken in hand either by a commission or by a body of men familiar with conditions in the country. They should buy the necessary amount of seeds, such as broom grass, crested wheat grass, rye grass and things of that kind, and those grasses should be supplied free of charge. The people should be taught how to use it and what to do in order to prevent soil drifting which is seriously affecting the prairies and destroying our lands.

This question is of paramount importance not only to the citizens of Saskatchewan, but to the whole of western Canada. If something of the kind is not done that section of western Canada will have to be abandoned and the people will have to be moved out. They have depended on one thing, and one thing only, to prevent soil drifting, and that is moisture. Moisture has come at certain times, and to a certain extent it has prevented the drift, but not to a sufficient degree to be effective.

This condition must be studied from a scientific standpoint. I would be out of order if I were to suggest or to move any vote for these purposes. I have before me a newspaper clipping dealing with this subject.

Saskatchewan's master farmers, agricultural experts and departmental officials will meet in conference to discuss and seek solution for the soil drifting problem.

Hon. W. C. Buckle, Minister of Agriculture, in discussing the need for such a conference said:

"There seems to be too great reliance upon soil moisture conditions alone, to prevent soil drifting. It would appear to be necessary to give greater attention to strip farming and cover crops as tillage methods."

I suggest to the minister that something must be done. There is a grant in the schedule for a building in Regina. I do not know what building it is, but I will say this: Buildings are all right, but invariably when one building is erected another is emptied. That is the condition, unless there happens to be no building in existence. In using an old building the only consideration is the rent which must be paid, and if you are paying too much rent you must cut it down. Some of this money provided for in the schedule should be given to the farmers to buy seed, to build dams to preserve the moisture in order to prevent the soil drifting. I urge that the Minister of Public Works should take the matter up with the Minister of Agriculture, that something should be done at once to teach these people what can be done to prevent the drift, and to bring back the conditions which obtained in the past. Knowing that a new grant cannot be made, I have seen fit to move, seconded by Mr. Bothwell:

That item No. 145 of schedule A be struck out and that the moneys therein provided be used for the purchase of grass and other seeds and for such other forms of state aid within the limit of this vote as circumstances and conditions after thorough and competent inquiry may warrant in order to intelligently and systematically assist the farmers in the dried out areas of the west to rehabilitate themselves.

Mr. BENNETT: The resolution is out of order. It contemplates a public expenditure, and only a member of the government can move it.

Mr. DONNELLY: Why is it out of order? I am not asking to reduce the amount. I am simply asking to change it from one item to another.

Mr. BENNETT: It contemplates a public expenditure.

The CHAIRMAN (Mr. Smith, Cumberland): Rule 510 is as follows:

It is not allowable to attach a condition or expression of opinion to a resolution in the committee of supply, or to change the destination of a grant.

Mr. MOTHERWELL: Mr. Chairman, it is not necessary to rule the amendment out of order. We are on a roving commission anyway; we are going here, there and all over Canada, in one province and another. We want something before us for a little while besides pork barrels, hogsheads and that sort of thing, do we not? This proposed expenditure of $40,000,000 launched a few days ago was especially to take care of the unemployed. It is now understood that it is for pork barrel purposes, about three-quarters of it. In his defence the Prime Minister mentioned nothing about unemployment. He tried to defend it on another score altogether.

We all remember the time the right hon. gentleman had in getting elected in 1921; indeed he failed to get elected at that time. His back is against the wall as badly to-day as it was in 1921. I hope the Liberals will not join with the Labourites in Calgary as they did in 1921; that would be too dear a price to pay for the defeat of the Prime Minister. But if they did do it, they could defeat him, and he would require this pork barrel and several like it to avoid defeat. That would apply not only in Calgary, but to all the ministers in other parts of Canada. They know what happened in the present temper of the people to their confreres in Saskatchewan. There is not a seed Tory left over in the Saskatchewan legislature for another campaign. They will have to get seed Tory relief through the peace, order and good government provisions passed by this aggregation over here, the so-called government of Canada. It is about time they were asking for another mandate, if I know anything. They are cutting up didos like this, trying to get a few seats by redistribution, trying to swipe a few more seats through the franchise bill, and hoping to retain power by those and other questionable means. And now the pork barrel is being rolled around into nearly every Tory constituency.

Mr. SPENCE: You had better get out of its way.

Mr. MOTHERWELL: Who is trying to talk? Now the committee has a proposition. My right hon. leader—

An hon. MEMBER: He knows more about it than anybody else.

The CHAIRMAN (Mr. Smith, Cumberland): Order.

Mr. MOTHERWELL: Are you calling me to order?

The CHAIRMAN (Mr. Smith, Cumberland): No.

Mr. MOTHERWELL: I advise nobody to try that trick. I am not in the humour at all. I will bid good-bye to the government after prorogation, and express all kinds of good wishes and good will, but I will not wish them a return to power. I will have lots of good fellowship with them, but I am not in the humour to allow the prorogation of this house without protesting against these almost desperate and heroic efforts made by the government to retain power. That is exactly what they are doing all this session and did most of last. My right hon. leader suggests that instead of all these buildings on the prairies we might better consider the advisability of trying to put agriculture into something like permanently decent shape, especially in southern Saskatchewan and Alberta. I would ask any hon. member in this building to dare—

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: To dare, I say, to declare out of order or even challenge the appropriateness of this proposition. The hon. member for Willow Bunch (Mr. Donnelly) is making a practical proposition, and my right hon. leader did the same. What good would those cities be, anyway if there were no farmers around and about them? I want to risk any reputation I have by stating that much of southeastern Saskatchewan can be rehabilitated. I have studied them and lived on the plains for over fifty years. Not only have I studied the plains in Canada but, not personally but through interviews and reading I have studied the plains of Russia, and I know something about windy farming conditions.

What are my hon. friends grinning about over there?—empty heads that have no knowledge of prairie agriculture. I do not expect them to, nor have they had an opportunity to learn of it. I want to say right now that this government has been looking on complacently for the last four years as if everything was going well on those southwestern plains. And they have never raised one hand to avert the impending disaster rapidly approaching those formerly wonderfully fertile plains, converting those great productive lands into an Arabian or Sahara desert. That condition has come about by soil erosion and through the action of hurricane winds. The government has not done a thing—point to one, and I will apologize. I am going to mention one teeny, weeny, little bit the Minister of Agriculture (Mr. Weir) tried to do. He did get

some money to start the distribution of clover and grass seed. That might have helped but I have been able to find little if any of it in that vast southwest country. He just got this policy nicely started when his colleagues cut the Minister of Agriculture's estimates to the bone. Now they are putting up buildings and making all kinds of unnecessary expenditure; they are spending forty millions under this bill, of which three-quarters is for election purposes, and leaving that great country destitute. No one is stretching out a hand to help it at this critical time. It must be either helped or abandoned.

Mr. MANION: Saskatchewan for its population has received more money from this government than any other province, and has received more help per capita than any other portion of Canada.

Mr. MOTHERWELL: Why did they give a million and a half to Calgary and only $400,000 to Regina if Saskatchewan is hit worst?

Mr. MANION: Because we have given $30,000,000 to Saskatchewan already.

An hon. MEMBER: They are paying good interest on it.

Mr. MOTHERWELL: The Minister of Railways (Mr. Manion) is getting a good hunk himself. Outside of the little bit the Minister of Agriculture has provided as already mentioned, nothing has been done towards seeding down and rebuilding that area. It is just a fleabite, what has been done towards permanent cure—something you could put in your eye and not see any the worse for it. That is all that has been done to avert the calamity which has been facing that country since 1929.

The wind is driving the soil all over creation. The reports from Sault Ste. Marie stated that the sun was blinded this spring with the dust from the Saskatchewan and Alberta plains. They had to turn on their gaslights at midday to dispel the gloom occasioned by the prairie dust. Although the average farm may have a mortgage, even that will not hold down the soil if these high winds prevail. Our farms are being strewn anywhere between the Rocky mountains and the Great lakes, and even farther. This government have taken no responsibility in this matter. What steps have they taken? Not one, except the little mite of the Minister of Agriculture, and I do not think any of that found its way into that territory. My right hon. leader (Mr. Mackenzie King) has suggested that if water supplies were secured it would remedy one serious condition at least. The hon. member for Willow Bunch has suggested that something be could done in the way of giving assistance to the farmers in order to make it possible for them to rehabilitate themselves. They know how but they have not the wherewithal to carry out their know-how. They are down and out; they are out at the elbows and down at the heels. They cannot raise themselves and go under their own steam because they are too impoverished. They must receive state aid for permanent cures. As the hon. member for Willow Bunch has said, there are two alternatives. We must either abandon that vast territory or come to its aid and get it on its feet. You cannot go along the way you have been doing for the last five years with a policy of doles and feed and all that sort of thing, because you will have a charge on both the federal and the provincial authorities in perpetuity. They will never come back enough by themselves to make a new start.

What is to be done? There is only one way to stop drifting. I admire the heroics of my good friend Mr. Bryant who conceived the idea of planting enough carragana shrubs and hedges to stop the drifting. That gentleman was doing his best but I do not know how many years it would take to succeed via that route. I doubt if it could be done in one hundred years, and by that time we and our children will be dead. There is only one permanent way I know of to stop this soil drifting. Take the land held in the hands of the crown and seed it down with broom grass or some other suitable grass. Crested wheat may be used, but I think the broom is better. We should put that wind swept region back in the state in which we found it fifty years ago, restore it to its soddy condition. That would provide a binder to stop the drifting. The other fifty per cent of the land could be taken care of on a rotation basis, including fall rye grass and clover. There will have to be some kind of a follow up policy, something like a land utilization commission to take charge of this vast area. There would have to be government supervision, there is no question about that. I remember when I had the privilege of being in the Regina house we had district representatives in that stricken area. Doctor Booth at the head of the economics branch was one of them. We knew there were special troubles which required special aids in order to enable the farmer to handle that country to advantage. But there is not one of these things being done.

Why? This government does not know enough about prairie agriculture to evolve a policy. How could they know? You cannot teach what you do not know yourself.

Mr. MULLINS: Is it not a fact that you brought in professors from the United States to try to seed that land and it proved an utter failure?

Mr. MOTHERWELL: I cannot hear my hon. friend. I am used to the practice of talking just loud enough for Hansard to hear. Shout it out! Here, I will get my periscope on you. I have all the juice turned on; get up, throw back your shoulders and let me hear you. Has the hon. member nothing to say? Then let him forever hold his peace and not be interrupting me.

This is a very serious matter. I have been a resident of Canada all my life and I have lived fifty-three years in my adopted province of Saskatchewan. What has happened in that vast southwest territory, during the past thirty years? They have grown wheat continuously till the fibre is gone in the windiest part of the west. That country is especially windy right up to the foothills. In hot weather the high winds create a peculiar suction upwards. This is only beginning to be understood. The soil is taken up in fine dust like flour. With another five years like the past, the top five or six inches of soil will be practically all gone—where to, I do not know. It will be in the gullies and sloughs; it can spread it over a thousand miles and yet show very thin. If the top soil is blown off for another five years, ninety per cent of the farmers in that area will be lying on their backs on the hard pan with their tummies and their toes turned up. That is what will happen. I see an hon. gentleman shaking his head as though I was trying to string him, but let me tell him that this is all true and all too true.

I was brought up on a farm in Ontario where the top-soil in one field was removed by fire in the clearing of it. This happened over a hundred years ago but it has never been the same since, although it has been fertilized with ashes, with strawy manure, buckwheat ploughed in, and so on. It is still just blue clay, as hard as a brick. It is bad enough when the top-soil is burned off, and the ashes are left behind, but when the top-soil is blown off nothing is left but the pebbles, which will not blow, and hardpan. That is an infinitely worse condition, and a hundred years of reclamation will not bring it back once you lose the top five or six inches of soil. I cannot see how hon. gentlemen can defend their non-action in endeavoring to meet this condition. This area is one of the most productive parts of the prairies; if it gets seven or eight inches of rain or even less during the growing season it will then produce magnificent crops of thirty or forty bushels to the acre—I have seen crops of fifty or sixty bushels—of the highest quality wheat on what is now a bleak wilderness. If this great period of production had been distributed over the whole period since that country was first settled about thirty years ago, it would average a very nice crop every year, of about fifteen or eighteen bushels to the acre. The farmers thus far have been producing therefore an average of fifteen to eighteen bushels to the acre. But it seems that our predisposition is to plunge, to let money burn a hole in our pocket unless it is spent, expanding and expanding. And can you blame them, having obtained these magnificent crops and being innoculated with the virus of empire farming, undertaking vast areas run by combine and power farming generally. In other words, they invested their money in larger operation. That used to be the right thing to do, the enterprising thing, but it is not setting aside anything for a rainy day or making the fat years carry the lean. We all admit that we have made mistakes, and the more unusually prosperous one is in good times the more likely one will be left on his haunches when the hard time comes due to the policy of excessive exhaustion. I don't know whether this is getting into the craniums of hon. gentlemen opposite, or not, but there are not so many of them just now giving me that senseless grin that characterized them at the beginning of this talk. I am not talking for fun's sake but to point out a danger that hangs over a fine piece of our country which in ordinary years can carry itself. But the people there have had five bad years and this is the sixth, and they can carry on no longer without confronting the whole state with the problem as to whether they will vacate that country en masse with the aid of the government or start in now with something else than putting up city buildings which we have done without all along. The one in Calgary may be quite warranted and the Prime Minister may need it to get elected. And I should like to see him elected, because I do not like to see another shut-out such as there was in Saskatchewan recently; I should like to see at least one hon. gentleman on the opposite side returned at the coming election. So that if they can succeed in getting one elected by putting in another million in Calgary, go to it. But I say, do something for the rehabilitation of agriculture without which that country,

neither urban or rural, can never get on its feet. That is my opinion, and if I am out of order let hon. gentlemen call me to order. But I challenge them to call the motion of the hon. member for Willow Bunch out of order when such a grave question is under discussion. Don't let the government think they can get away with that sort of thing to-night—when they do not like our proposals, turn them down by brute force by cries of order. With these few observations on my part, somebody else can get up and talk, although I have a lot more to say. We can see a plain path ahead, if there is anyone to take the helm, by following which that country can be got on its feet. I will not elaborate it to-night but I am pointing out the necessity of one of two things: either vacate or get behind and rehabilitate. But what is the government doing? Nothing but pork barrel. They are simply putting money into city buildings to save a remnant of them from destruction when the electors in their wrath descend on them in the next election.

Mr. MACKENZIE KING: In regard to the national parks, the minister the other evening mentioned certain figures which he said represented expenditures in Prince Albert park. He did not, however, say anything with respect to the other parks, and I find that the expenditures there were infinitely greater than those in Prince Albert. What expenditure there was in the Prince Albert park was in connection with relief. I hope that out of this appropriation the minister will see that Prince Albert park is properly treated, for the Prince Albert national park serves the interests and needs of all Saskatchewan. It is the third largest park in actual area and one of the newest, requiring most in the way of initial expenditure for development. Let me give some figures with regard to national parks, to show the comparative expenditures made in 1932 and 1933:

National Parks

	Fiscal year ending March 31, 1932	Fiscal year ending March 31, 1933
Alberta:		
Banff	$303,000	$256,000
Jasper	137,000	115,000
Waterton Lakes park	70,000	64,000
Total	$510,000	$435,000
British Columbia:		
Kootenay	$ 26,000	$ 23,000
Yoho park	51,000	45,000
Total	$ 77,000	$ 68,000
Prince Albert:		
Total	$ 61,000	$ 46,000

These amounts cover salaries, wages, travelling expenses, materials, supplies, repairs, etc., and miscellaneous.

The auditor general's report for the fiscal year ended March 31, 1934, is not yet available but the figures for that year are lower still. Prince Albert park has not been treated as it should have been by this administration, and I hope that the minister out of this appropriation will see to it that its great need is given due consideration. I have here one or two communications which I will not take the time to read, but which I would ask the committee to allow me to insert in Hansard. One is a copy of a communication that was sent to the government from the Prince Albert board of trade, pointing out certain immediate requirements that should receive attention. I should like also to put on Hansard a wire received to-day from the Prince Albert board of trade with respect to some projects that are very urgently needed and which should be made in part out of this expenditure.

[Mr. Motherwell.]

Mr. WOODSWORTH: Why have all that put on Hansard?

Mr. MACKENZIE KING: If there is any objection I will read them. I am trying to oblige the house in its effort to get through this evening.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: If hon. gentlemen wish to sit again on Monday, well and good, but I have been trying to oblige the Prime Minister and meet the wishes of hon. gentlemen that we might get through to-night. If, however, objections are raised I will read these documents. May I point out that during this session, except at intervals, I have relatively said very little on my own constituency; and if now, when the constituency is being starved in the matter of these appropria-

tions, I ask that I be allowed to put on Hansard the representations of the constituents themselves, I expect to be allowed to do so.

Mr. STEWART (Leeds): There is no objection at all from this side. I am not making any objection whatever.

Mr. MACKENZIE KING: I might say to my hon. friend from Winnipeg North Centre (Mr. Woodsworth), who has objected, that before dinner he asked me whether I would accommodate him in seeing that he had time to make certain representations and I told him I would do what I could towards that end by foregoing much that I had intended to say. I am very much surprised that he should be the one to object to a brief statement of this kind, from constituents who have a right to be heard.

Mr. WOODSWORTH: I am not in any way breaking faith with the leader of the opposition nor have I sought from him special favours. I asked him his own plan with regard to a certain matter of to-night's program. I knew we were expected to prorogue at ten o'clock and I told him that some of us proposed to discuss certain matters before prorogation. I do not know that the Liberals have been particularly expeditious, so far, in getting the business of the house through this evening in order that we in this corner should have a chance to discuss the matters in which we are interested. Regarding the reading of documents, I have always had the idea that there should be impartial treatment in this house, and again and again some of us have been prevented from placing on Hansard any document that was not read. I cannot see therefore why three or four documents should be presented by the leader of the opposition at the very close and be allowed to go on Hansard.

Mr. MACKENZIE KING: If I take up time reading them I am preventing my hon. friend from speaking.

Mr. WOODSWORTH: We will sit here.

Mr. MOTHERWELL: We are not going to prorogue to-night. I will not sit on Sunday morning.

Mr. MACKENZIE KING: There are two communications, one a telegram I received to-day, and the other a memorandum which came in a letter from the Prince Albert board of trade, to the ministry. Is there any objection to these being placed on Hansard?

Mr. STEVENS: Carried.

Mr. WOODSWORTH: I will make a note of it and ask that some members of this house should not be so prompt in refusing other members the right to transgress the rules.

Mr. MACKENZIE KING: I do not think anyone has ever objected. I will hand the documents to Hansard and trust that their representations will receive due consideration.

Prince Albert, Sask., June 27, 1934.

Right Hon. W. L. Mackenzie King,
Ottawa, Ont.

Board of trade at meeting to-day decided to wire Prime Minister, Minister of Agriculture and Minister of Public Works regarding the need for some project to relieve unemployment situation in Prince Albert and district. City council have suggested grade separation and union station, together with air port and air harbour. If government is considering building a bridge at Outlook, Fenton has much superior claim due to the fact that the crossings are invariably the heaviest in Saskatchewan. The average crossings at Fenton would be nearly twice as great as it is at Outlook. We would greatly appreciate any support which you can bring to bear upon the government to secure a fair share of this work for this city and district.

Prince Albert Board of Trade.

Whereas the estimates for the various national parks in Canada were recently before the House of Commons on April 20, 1934;

And whereas the appropriations for the four western provinces as reported in Hansard are allotted as follows:—

(A) British Columbia: $147,270—	
Glacier park	$ 7,470
Yoho park	68,000
Kootenay park	61,800
Mount Revelstoke park	10,000
	$147,270
(B) Alberta: $538,294—	
Banff park	$246,500
Jasper park	156,200
Buffalo park	57,053
Waterton Lakes park	57,700
Elk Island park	19,000
Nemiskam park	1,841
	$538,294
(C) Manitoba:	
Riding Mountain park	$ 62,500
(D) Saskatchewan:	
Prince Albert national park	$ 48,500

And whereas the provinces of Manitoba and Saskatchewan have only one national park located in each province as against four in British Columbia and six in Alberta, respectively;

And whereas the Prince Albert national park is the third largest in area in the Dominion of Canada;

And whereas the Saskatchewan national park had to be developed out of a solid wilderness of forest, lakes, and streams, making development much more costly than in the case of some of the other parks;

And whereas whilst the Saskatchewan park is the third largest in point of area in the dominion, it is the lowest in point of appropriation amongst all the larger national parks in the dominion.

And whereas the necessary development work in the Saskatchewan park has been retarded greatly through lack of sufficient appropriations with the resultant falling-off in tourist business largely, we believe, through the failure to provide sufficient recreational facilities;

And whereas in the appropriations for this year the amount is only sufficient to take care of regular maintenance and salaries and allows only the sum of $2,600 for sports' facilities;

And whereas this amount is totally inadequate to hasten the proper development of this park with the result that many important projects are being proceeded with much more slowly than should be the case, such as the completion of the eighteen hole golf course with club house; the erection of a fish hatchery in the park to restock the larger lakes; the completion of the road to the narrows; the establishment of campsites at the other lakes and the provision for an additional campsite at the other end of lake Waskesiu; the completion of Buffalo park, etc.;

And whereas, in our opinion, it is grossly unfair that the province of Saskatchewan, with the largest population of any of the three prairie provinces, should be placed in the position where its appropriation amounts to only about 9 per cent of the appropriation in Alberta and approximately 77 per cent of that allotted to the province of Manitoba;

Now, therefore, be it resolved that we strongly urge upon the federal government, through the Hon. T. G. Murphy, to have the appropriation raised to at least the sum of $100,000 in order that the necessary improvements may be carried out without further delays and that copies of this resolution be forwarded to Hon. R. Weir, Right Hon. W. L. Mackenzie King, and Saskatchewan federal members and T. C. Davis, Esq., M.L.A.

Mr. GARDINER: I wish to take a few minutes of the time of the committee to discuss the program now under review. It will probably to some extent take care of unemployment throughout Canada in our cities and towns but so far as a certain portion of western Canada is concerned, which the hon. member for Melville (Mr. Motherwell) and the hon. member for Willow Bunch (Mr. Donnelly) have brought to the attention of the committee to-night, a situation exists on account of which the people need work just as badly as do the people in the cities and towns. This is a problem that the federal government will have to solve sooner or later because I hold the federal government responsible very largely for conditions that now exist since they invited people to settle in a part of the country that should never have been settled. I do not apply that to the whole of Saskatchewan; southern Saskatchewan has been an extraordinarily fertile portion of the west, but because of certain conditions, more particularly because of the lack or the running out of fibre in the soil, the situation has altered very much from that in the earlier days when the soil there was more productive. But as regards the constituency I represent and a very substantial portion of the country straight south from where I live to the international boundary, I know when it was proposed to open up that territory and to invite settlement there, the officers of the department, and in fact the minister who was responsible for opening it up—and it was a Liberal minister who did this—were warned against opening up that part of the dominion.

What happened was this: a tremendous settlement grew up and people took money in there; they spent their time and labour and to-day thousands of them have been forced out of that area with very little thanks from the people of Canada for their efforts in trying to settle up that territory and make it productive. I still hold that the federal government is responsible for that condition and because of that fact I expect the federal government to take some steps to relieve it. When I communicated with the Minister of Labour (Mr. Gordon) in regard to certain projects that might be undertaken as relief measures, he pointed out to me very emphatically that the proposals which I had made came under the authority of the provincial government. That is quite true; I admit it. Nevertheless, because of the responsibility of the federal government for opening up that part of the country and because of the need of the people to secure some money with which to buy food, even though they have farms there, I maintain that something should be done and done very soon in those districts.

I remember in 1922 and 1923 we were considering the possibility of rehabilitating that portion of the country because of a couple of dry years. I recall that I suggested to the then Minister of Agriculture, now the hon. member for Melville, certain things which might be done to relieve that situation. For instance I suggested the damming up of all the coulees and the low places for the purpose of holding water for stock. I suggested also the planting of trees along the road allowances and so forth, and also providing for seed for the reseeding of grass in order to put fibre back in the soil. I suggested to the then Minister of Agriculture that I did not expect the farmers to get paid fully for the work they were doing. I suggested that the federal government, in view of the responsibility it had for opening up that part of the country for settlement, might give some slight assistance merely to induce the farmers

to do these things which eventually, in my judgment, would assist that area very substantially. The then Minister of Agriculture refused to take any steps or to do anything to save the situation. True, it was not as bad then as it is now and it did not extend to Saskatchewan, but now that he finds the same condition has extended to that province, he begins to think it is necessary to do something to help his people. But I am sure if we had started at that particular time a policy of tree planting, not in small groves around the farms of the people but along the road allowances for miles and miles in order to break the hot winds of that country, and also of damming up all the surplus water that runs off from the melting of the snow in order to create more humidity in that area, I am sure we would not have the condition that we have to-day, but the then Minister of Agriculture did not see fit to do anything in that regard.

I remember that the then leader of the Conservative party, now leader of the Senate, supported me in my viewpoint. I merely take the time now to impress upon the government the necessity of giving some consideration to the problem. I can assure the government that so far as the people on those farms are concerned, they are to-day just as hard up for food as are many people in the cities. True they have some live stock but they have nothing to feed them. While it might be expected that they would be able to produce a very substantial portion of their food supplies, yet when one has had experience of that part of the country and seen how their gardens and everything they have put in after great labour and expense in providing the seed, shrivel and dry up and they get nothing for their labour, one understands the troubles they have and the necessity of giving some consideration to the problem. I therefore suggest to the government that they take any steps they deem necessary to consult with the government not only of Alberta but of Saskatchewan in order to see if something can be done as soon as possible to relieve the situation.

Mr. WOODSWORTH: I had not intended to say anything at this time because it seems so absolutely hopeless in the dying hours of parliament that any plea we could make would induce the government to alter its policy. In this schedule there are special items for various classes of public buildings and we are told that they are necessary and that that is the reason they are selected. I would say that the fundamental purpose of these works is to distribute purchasing power among the people, to give work in order that those employed may through their work get money and thus find relief. If we are to have $40,000,000 distributed among the people, there are better ways of spending this amount than by erecting these public buildings. It seems to me that we are thinking altogether too much in the terms of public buildings. I know in the past that is the way in which the Dominion government has spent its money; I know that is the accepted way, but we have reached a stage when that is not the best way of spending this amount. There are other ways that would distribute this $40,000,000 among the people and at the same time would serve the country better than it would be served by the erection of a large number of public buildings. Of course I am very glad that in my own city we shall have one more federal building added, but I would infinitely rather have the government do something to supply the housing needs of the people of Winnipeg. This would mean the same expenditure of money on the part of the dominion government, the same amount of money coming into the pockets of the carpenters, masons and so forth but we would have something that would be of immediate and very substantial service to the people of Winnipeg. Someone may say immediately: That is a municipal or a provincial matter and the federal government cannot do that kind of thing. Why can they not? The municipality or the province would be only too glad if they did. The administrative detail can be worked out. If necessary a corporation might be constituted that would rent the houses In the meantime there are thousands of people in my own city of Winnipeg who are ill housed. A federal building, however beautiful, will not take the place of houses that these people ought to have.

As to this building under discussion, a barracks, it may be necessary—the Prime Minister seems to think it is—that the soldiers should be permanently housed, but I submit that there are many other things that should be done before that. This question of subway or overhead railway crossings, by which lives could be saved, is immensely more important. I do not see how we can do other than make this criticism of each item as it comes along, because only in this way can we point out the need for some other type of relief program.

Now I come to the matter mentioned by the hon. member for Willow Bunch (Mr Donnelly). I was very glad that he had, shal I say the courage, to bring it up to-night. I believe the members of this house are not

sufficiently seized of the seriousness of the problem in southern Saskatchewan, in parts of southern Alberta and of southern Manitoba. I overheard some hon. gentleman across the way say we should deal with this problem by ignoring it. Surely that shows lamentable ignorance of the urgency of the problem. There are two things that have to be dealt with, one the transfer of hundreds of thousands of our people within the next few months to an altogether different part of the country. Anyone who has seen these poor people trekking north with their goods loaded on their hayracks, not knowing where they are going and not finding enough grass along the way to keep their stock alive, must realize that it is a desperate condition. Our railways ought to be used, money ought to be advanced to enable them to build homes in the north, to break up land quickly enough that within the next year or two they would have some sort of return for their labour. The actual migration is taking place, but in my judgment there should be a migration of thousands, perhaps tens of thousands of families, from those stricken districts. It is something on which we shall have to spend millions of dollars if an enormous amount of human suffering is to be prevented. Then we have the other problem; these large areas of our country in some way ought to be saved; if they are not, the destruction will be extended in every direction, because that soil drifting will not be restricted within the area to which it is now limited but will grow worse. Again I do not think the eastern members realize the difficulty. I saw, within the last few weeks, alongside the railways, fences erected to keep the railway tracks from being covered by the drift, with sand piled against them four or five feet high. I remember years ago visiting Egypt and seeing where fences had been erected in the Roman days in an attempt to keep the sands back from the pyramids, and beyond them other fences erected by more recent engineers. That is precisely the kind of thing that is taking place in Saskatchewan. We are going to have to face it in a very serious form if prompt action is not taken. It seems to me that this government, instead of thinking as governments have always thought so much in terms of public buildings, ought rather to think in terms of the practical problems that confront us here and now. I would earnestly plead with the Prime Minister. He knows something of the west. I have been in the west since I was a child; I went there in 1882, over fifty years ago, and I know western problems, but I never saw conditions such as they are to-day. Housing conditions are bad enough in many of our cities, and I would plead with the Prime Minister and the Minister of Public Works that even yet they alter their method of providing this relief. I am very glad that they have found the forty million dollars. I am glad that they have come to the point where instead of giving direct relief they are providing works by which people can earn a certain amount of money and for which there will be something to show. All that is to the good. But I submit there are particular types of work that can be done to much greater advantage than the public buildings proposed. I would urge that even at this late stage the government give serious consideration to a complete revision of this program.

Mr. MURPHY: Before the motion carries I beg to move—

Mr. BENNETT: There is another amendment before the committee.

Mr. MOTHERWELL: The hon. member for Acadia (Mr. Gardiner) left the impression upon me that he was saying that somehow or other I preached in opposition something different from what I practised when we were in power. Anyone who thinks that is so has a chance to get up and say so. I say to the hon. member for Acadia in the kindest way I can that I wish he would particularize as to what that was. My then department had not charge of water supply. If anything like that was done, the minister of the interior, or public works, who was a resident of Alberta, did have charge of certain lands, looked after certain weeds; his predecessor drained certain sloughs and he perhaps carried that on a little; certain activities of that nature came under the Department of the Interior. The Indians were under that same department, and sometimes roads were constructed and that sort of thing. But I cannot think of anything that came under the purview of the Department of Agriculture that Saskatchewan got and Alberta did not get. There is one exception; that is there were no restricted areas established in Alberta to clean up bovine tuberculosis. Alberta was the only province in which they were not established, and my hon. friend knows why perfectly well. Alberta did not want it. He would be the last to say it should be imposed on them. I think the present Minister of Agriculture would be delighted, as soon as they are ready for a restricted area to be established in Alberta, to give them the same treatment the other provinces got in that respect. I would have been the most tickled man in the government if Alberta could have seen its

way to put itself in line with the rest of the dominion in that matter. But they had a perfect right to take the position they did; they were taken up with another method which might prove to have something in it, one that is developing all the time—the B.C.G. test, they call it. Some day they may find an immunizing serum to prevent tuberculosis instead of merely slaughtering the cattle that are found to have it. Science may accomplish that. Meantime until something better is found we were using the other tuberculin method.

When it was decided to establish a seed elevator in Saskatchewan, there was a good deal of dissatisfaction, and I got the consent of my leader to establish a similar institution, or something to correspond to it in Alberta and Manitoba. Because Alberta and Saskatchewan were twin sisters, born at practically the same time, I was particularly anxious to treat them both evenly and justly. If I overlooked anything or departed in the least from that principle I would have taken it as a great favour if my hon. friend from Acadia had pointed it out to me when I was in a position to deal with it. I recall further that in order to aid in rehabilitating these great plains in the matter of grazing, while the interior department adjusted the regulations to the advantage of the ranchers on more occasions than one, the Department of Agriculture started a demonstration station at Manyberries in southern Alberta for the purpose of trying to rebuild the pastures of that one time great range country. They have been working on that for I suppose twelve years, to see what can be done to improve the pasture land for which that country was once so famous, not only for growing grass but growing high quality nutritious grass. I think my hon. friend knows about that. However, if he is in the humour I am in, if he can find something that I neglected at that time I will have no hesitation in admitting it, but as my hon. friend says the situation then was not so serious as it is now. That is a big admission. No one ever dreamed that we would see these days. Even in what we called good times there was hard sledding in certain parts of Saskatchewan, Alberta and Manitoba, but these difficult times came with the advent of the Tories, and I hope they will go away when the Tories go out of power. That is just by the way; it just happened that way. Other years will come, possibly with better crops and prices. This year it looks as though the world crop would be about five hundred million bushels less than last year, so it would seem that nature is solving the problem of carry-overs much better than the international wheat agreements are.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: I expected that from some yahoo over there in the rearguard. Well, it will soon be eleven o'clock, and we are not going to prorogue to-night. I believe in doing things decently and in order not by jamming them though in this way, proroguing in the dark midnight hours as though their deeds were evil.

I was devoting some attention to the well meant remarks of the hon. member for Acadia, which I think left a wrong impression as far as the Department of Agriculture was concerned. I have always found that hon. gentleman a pretty decent hon. gentleman, and I do not think he wants to misrepresent the situation. If he can point to any disparity between my attitude to-day and my attitude then, having regard to the different climatic and economic conditions, I am willing to be exposed. I do not want to take the ground that I am always right; time may prove that I have been wrong in some things this session. I do not think it will; I think time will prove that the stand I have taken this session was the right stand, but I will not feel humiliated if my hon. friend can point to something we failed to do in those days when we had the power to do it, but which we are preaching now. I will excuse hon. gentlemen on the opposite side for a moment if the hon. member for Acadia has anything further to add in that respect. I do not say that defiantly; I mean it in a kindly way.

Mr. GARDINER: I could not very well allow the hon. member for Melville to make the statement he has made without replying. He has suggested, together with the hon. member for Willow Bunch, certain things that should be done to rehabilitate the southern portion of Saskatchewan and parts of Alberta. I made the very same suggestions in 1923, not only personally to the Minister of Agriculture but also on the floor of this house. I suggested a policy which the government of that day might pursue in order to rehabilitate small areas then suffering from conditions similar to those existing to-day. The government of that day did not take any steps to remedy the situation, and I must say that if we had taken steps then along the lines suggested to-night we would have had some experience that could have been applied to the larger area where those conditions prevail at the present time.

Mr. MOTHERWELL: I am sorry, but my right hon. leader was trying to get something into my head, and I could not listen to the hon. gentleman at the same time. Would he mind mentioning in a word what that specific matter was?

Mr. GARDINER: It is only necessary to mention these points: the re-seeding of large areas with grass, with assistance from the government to buy the seed; the damming up of the surplus waters in the spring in order to create humidity in those areas, and the planting of rows of trees up and down the road allowances in large areas in order to protect the land so that the dry winds would not blow the farm from one place to another. Those were the three suggestions I made in 1922 and again in 1923, but the government of the day could not see its way clear to accept my suggestion and give some financial aid in that regard.

Mr. MOTHERWELL: The Department of Agriculture would have been responsible for only one item; that is grass and clover seed. I may explain that every experimental farm—

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: I can make just as much noise as my hon. friends can. For two or three years about 1927 the experimental farms in the west were devoted almost exclusively to the growing of reward wheat seed. My hon. friend knows that. Later the necessity arose for those elevators I mentioned. The very fact that in the Moose Jaw seed elevators we installed the very best grass and clover seed machinery that could be found on this continent is an evidence that we had in mind the requirements of that country in that respect. After having used the experimental farms to the fullest possible extent to grow reward wheat seed, when the next period of need came along I was not in charge of the experimental farms. The electors of Canada in their wisdom, or lack of it, decided to elect a new government. It is the prerogative of the people to make mistakes, but it is also their duty to correct those mistakes at the first opportunity. That is just by the way, but I would remind the hon. member for Acadia that we were not in charge in the last half of 1930. Otherwise I feel confident that we would have devoted the experimental farms of the west to the growing of grass seed. At an earlier date I gave the present Minister of Agriculture credit for doing work along that line to the extent that he had money with which to finance it. So I do not think my hon. friend has made out a very serious case against us, but if there is anything more I will accept the responsibility. I do not pretend that there were no mistakes at all or that coming events were always anticipated.

Amendment agreed to.

The CHAIRMAN (Mr. Smith, Cumberland): I have another amendment, that item 135 of schedule A be amended by adding thereto the words, "and construction of new buildings."

Amendment agreed to.

Mr. MURPHY: I beg to move that in the Interior department item the words "landing fields" be added after the word "highways", and that in the Indian department item the words "construction and" be added, so that the item will read, "for the construction and reconstruction of Indian residential and day schools and hospitals."

Amendment agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

DOMINION FRANCHISE ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 101, respecting the franchise of electors at elections of members of the House of Commons.

He said: The amendments are very minor. The only one of importance appears at page 5, in what we know as the Doukhobor clause. The Senate has transposed the words "in the province of British Columbia" and placed them at the beginning of the clause as was suggested by my right hon. friend (Mr. Mackenzie King). Then there is another amendment at page 27 where inadvertently the words appear "in the good opinion of the returning officer" and that has been changed to "in the opinion"; they have taken out the word "good". Then, at another point they have taken out the prefix "sub" appearing in front of the word "division". It was called a sub polling division, and that has been changed.

Motion agreed to; amendments read the second time and concurred in.

DOMINION ELECTIONS ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of and con-

currence in amendments made by the Senate to Bill No. 115, respecting the election of members of the House of Commons.

He said: The amendments made to this bill are merely changes in the numbering of the sections.

Motion agreed to; amendments read the second time and concurred in.

SUPPLY

STATEMENT OF LEADER OF THE OPPOSITION CONCERNING WANT OF CONFIDENCE MOTION

Right Hon. Sir GEORGE PERLEY (Argenteuil) moved that the house go into committee of supply.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, as no doubt hon. members are aware, it had been my intention on the motion for supply to move an amendment to the effect that the present administration no longer enjoys the confidence of the country. I think it is perfectly obvious that such is the case. May I say, however, that I realize all hon. members of the house are very anxious, if at all possible, to conclude this week. I understand if we do not conclude to-night by midnight or before midnight, that we will have to adjourn until Tuesday, as to-morrow is Sunday and Monday is Dominion day, and there being reasons which make it impossible to conclude the work of the session on Monday.

In these circumstances I feel I should be embarrassing the house unnecessarily if I proceeded with the motion to-night which I intended should be the last motion of what I believe and hope will be the last session of this parliament. Should I be mistaken, and should there be another, namely a sixth session of this parliament, I shall, if circumstances permit, make it the first motion of that new session. Meantime I think there will be further evidence, both through by-elections and probably further provincial elections, that the government no longer enjoys the confidence of the people. I do sincerely feel that this administration has lost completely the confidence of the country, and that it should no longer continue in office. The Prime Minister might well advise us that this being the end of the fifth session of this Parliament, the session will be followed by dissolution. The supply we are voting will be needed in large part to carry on the work of the government through the remainder of the present fiscal year, that is until March 31, 1935. I do not wish to embarrass the government in its effort to obtain what is needed of that supply. If however parliament should not be dissolved and this government should come back and ask the house to vote supply for the year ending March 31, 1936, I wish to say that the opposition will do all in its power to prevent this government obtaining any further supply.

Right Hon. R. B. BENNETT (Prime Minister): I am sure we all greatly appreciate the generous spirit which has been manifested by the right hon. leader of the opposition in foregoing the great pleasure of making another speech with reference to this administration. But I can only assure him that I think he is illadvised in making threats.

Mr. MACKENZIE KING: It is not a threat, it is a duty.

Mr. BENNETT: Then I laud him for that spirit which prompts him to discharge his duty. I am doubly grateful, as are other hon. members of the government, that he is making it possible to close business to-night, for the reasons he has stated.

Motion agreed to and the house went into committee of supply, Mr. Smith (Cumberland) in the chair.

DEPARTMENT OF NATIONAL REVENUE

Contingencies; further amount required for more efficient conduct of services, $25,000.

Mr. RALSTON: I wish to say one word at this time. I had intended to make some extended observations with respect to the tariff board, but under the present circumstances I shall curtail my remarks. In bringing down the bill with regard to the tariff board two years ago the Prime Minister made it abundantly clear, as reported in Hansard at page 3422, that this was to be a court of record. He said:

> We are creating a court of record with all that appertains and belongs to a court of record.

Mr. BENNETT: That was Part I, and the hon. gentleman knows it. It has nothing to do with Part II.

Mr. RALSTON: My right hon. friend says that was Part I.

Mr. BENNETT: You have made misrepresentations long enough; if we sit here until Tuesday I shall not let those remarks pass.

Mr. RALSTON: I do not know what the right hon. gentleman means when he states it was Part I. He provided that it was to be a court of record for all purposes.

Mr. BENNETT: That is not so.

Mr. RALSTON: He made provision whereby it was to have a seal, it was to have the power of summoning witnesses, and was to have all the perquisites of a court of record. But what did the Supreme Court of Canada say? In the judgment of the court I find this:

> The board of customs was, and the tariff board is, in no sense, a court. By force of the provisions of the Customs Act, it is not a judicial body but an administrative body. Its functions were and are purely departmental.

Mr. BENNETT: That is what we always said.

Mr. RALSTON: That is the court which my right hon. friend always described as a court of record. He told us he was getting a gentleman of the highest judicial qualifications to preside over it. He felt that a court should be appointed for the purposes outlined in his speech on the imperial conference agreement, at page 114 of Hansard, 1932. This is what he said at that time:

> We have therefore provided that our tariff board shall act as a judicial body as well as a fact finding body, in so far as their functions of interpreting the agreement are concerned.

That statement is to be found in Hansard of October 12, 1932, at page 114. When the board made a decision with which the government did not agree, instead of my right hon. friend referring to the supreme court the question whether or not the board had made a correct decision, he was careful to make no such reference at all. Instead of that, he referred to the supreme court the question whether the board had jurisdiction. The supreme court expressly refrained from deciding whether the tariff board were right or wrong in their decision.

Mr. BENNETT: It certainly did.

Mr. RALSTON: My right hon. friend says it certainly did.

Mr. BENNETT: Decided it had no jurisdiction.

Mr. RALSTON: But it did not decide whether or not the tariff board were right or wrong in the accuracy of the decisions they made.

Mr. BENNETT: They could not have been right.

Mr. RALSTON: Let me read to my right hon. friend what they said.

Mr. BENNETT: I know it.

Mr. RALSTON: I read from the judgment of the court:

> Copies of the decisions of the board upon the concrete cases mentioned in the order in council, and also of the reasons for judgment in one of these cases were submitted to the court; but they were placed before us only for the purpose of illustration; and by the questions put, the court is not asked to say if these decisions were right or wrong. It was made clear at the argument that in our answers we are to limit ourselves to the abstract questions referred to us.

The abstract question was not: Was the tariff board right or wrong? it was: Has the tariff board jurisdiction? In submitting that case to the supreme court as he did, it seems to me that my right hon. friend intended to discredit the tariff board before the people of this country and the old country. He submitted a question which attacked only its jurisdiction but he deliberately left unchallenged the question as to whether its decision was right or wrong.

I am not going to develop this matter any further although there is a great deal more which could be said. The thing my right hon. friend should have done instead of referring these abstract questions to the supreme court was to make it positive by legislation that the tariff board was intended to carry out the functions which everyone thought it was intended to carry out under Part II of the act. What was the use of saying, as my right hon. friend did, that the tariff board was to be free from political considerations when as a matter of fact it has to go with its hat in its hand and ask the Minister of National Revenue to approve of the decisions which it makes. The right hon. gentleman stated in parliament that it was intended to substitute an independent tribunal for a political tribunal.

Mr. BENNETT: He was dealing with Part I.

Mr. RALSTON: The right hon. gentleman continued:

> You have in the one instance a political body, governed by all the considerations that influence political bodies; and we all know just what the pressure of contending interests may be to get a minister to make a recommendation to council. As against that we have this body which is not interested in political matters and makes its decisions free from political influence.

My right hon. friend says he was referring to Part I. Does he mean to suggest that it was to be a political body as far as Part II was concerned? Surely not. My right hon. friend left the impression upon our friends from over the seas, and he left the impression upon this house, that this was to be a board having judicial functions.

Mr. BENNETT: And it has in connection with Part I; the people overseas were not interested in Part II.

Mr. RALSTON: Part I simply gives the power to find facts and suggest to the government what changes might be made in the tariff, and how much tariff should be levied in order to equalize the costs of production. It has no judicial functions in the sense of making a decision which is binding upon anyone. Under Part II it had appeals from the dominion appraiser, and it was expected that it would have some judicial function. What is the use of taking an appeal from the dominion appraiser and solemnly going to this tariff board which has all the paraphernalia of a court, and then after the tariff board has made a decision, coming back to the Minister of National Revenue and asking him if he will please approve the decision of the tariff board? Who will ever go to the tariff board to have that judicial function exercised under Part II when as a matter of fact he would have to go back to the minister to have the decision approved? I do not think my right hon. friend believed that under section 48 the tariff board would have to come back to the Minister of National Revenue to obtain approval of their decision. If he did believe that, then I think he misled the house and the country when he laid down what the functions of the tariff board were to be and when he described the qualifications necessary for the personnel of that board. I say to my right hon. friend that the country was disappointed when he announced in this house that he was not going to legislate to give the tariff board the status to which it is entitled and which it has attained before the people of this country.

I shall take up but a minute more of the time of the house to quote an extract from the Financial Post of June 23, which expresses much better than I can the feeling of this country.

Mr. BENNETT: That is out of order. Any reference from a newspaper touching the conduct of this house is out of order.

Mr. RALSTON: My right hon. friend does not mean that. He knows that anything is out of order which reflects on the proceedings in this house. This is not reflecting on the proceedings of the house, it is expressing the opinion of the country. This journal is stating what should be done with regard to the matter of the tariff board.

Mr. BENNETT: The rule is clear; could I have the ruling of the chair?

Mr. RALSTON: Is my right hon. friend going to say that he is afraid to have read in this house a short statement by a reputable journal which does not reflect upon any member of this house?

Mr. BENNETT: Reflecting on the house.

Mr. RALSTON: No, not reflecting on the house but reflecting upon a policy of the government. Does my right hon. friend mean to say that that cannot be read in this house?

Mr. BENNETT: You cannot read anything which introduces another member into this house.

Mr. RALSTON: My right hon. friend knows there is no such rule.

Mr. BENNETT: The rule is clear.

Mr. RALSTON: The rule is clear that you cannot reflect upon the actions of a member but the rule does not say that you cannot quote a journal's opinion as to a policy laid down by the government.

Mr. BENNETT: You cannot introduce into this house another member. You cannot introduce the opinion of a newspaper for the purpose of influencing the opinion of this house. That rule has been so stated from time immemorial because it is adding to the membership of this house another member for the purpose of expressing an opinion and influencing this house.

Mr. RALSTON: My right hon. friend has made that statement a number of times but he will find no such rule about introducing another member. The rule he will find is the one which states that you cannot read anything which reflects on the proceedings of the house.

Mr. BENNETT: For the purpose of influencing the opinion of the house.

Mr. RALSTON: I challenge my right hon. friend to read the rule. He will find that there is no rule as to introducing another member. Will the chairman be good enough to read the rule

The CHAIRMAN (Mr. Smith, Cumberland): Rule 306 reads:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Mr. RALSTON: That is the point.

Mr. MOTHERWELL: Seeing that the Prime Minister (Mr. Bennett) is so strong on rules, under what rule are we working at ten minutes past eleven? I do not believe in con-

ducting the declining hours of parliament by departing from the practices of decency and order in all things, including prorogation. I have seen this trick tried before. It was tried in 1931; I objected then and I object again. I have been here since January 25 without going home, and I am prepared to stay until we prorogue. This working in the dead of night would seem as if our deeds were evil.

Mr. RALSTON: I submit that my right hon. friend is wrong, but I am not going to take up time by arguing further. The article reads:

> The business community received a tariff appeal court with approval and began, promptly, to make good use of it. Under the impression, untrue as the event proves, that it had judicial powers, the tariff board proceeded to bring order out of departmental red tape and confusion: It nipped political interference in the bud: and it gained the respect and confidence of the business community.

Mr. BENNETT: Do not read any more speeches now.

Mr. RALSTON: It continues:

> The tariff board, as it stands in the light of the supreme court judgment, can perform only limited services for Canadian business. The government, if not prepared to amend the law—

Some hon. MEMBERS: Order.

Mr. RALSTON: It continues:

> —and give it the authority of a court, should repeal Part II of the Tariff Board Act and proclaim, in all honesty,—

The CHAIRMAN (Mr. Smith, Cumberland): I ask the hon. member not to read the article.

Mr. RALSTON: It continues:

> —that tariff enforcement is to revert to a purely political basis.

Mr. CAHAN: When we were discussing Part II of the tariff board bill it was clearly stated to the right hon. leader of the opposition (Mr. Mackenzie King), who invited the statement, that the decisions of the tariff board sitting as the customs board would be subject to the approval of the minister. In order to make it very clear that there was an appeal in certain cases, at the suggestion of the right hon. gentleman I drafted an amendment to that effect. Whatever the opinion of the hon. member for Shelburne-Yarmouth (Mr. Ralston) may now be I am quite sure that there was no misapprehension in the mind of his leader to that effect. The discussion is there reported and may be referred to. It is quite possible that the editor of the paper which has been quoted was entirely misled by certain statements that were not in accordance with either the fact or the law which the hon. gentleman had made on several occasions. The hon. gentleman seems to be under a complete misapprehension as to what the facts really are.

Item agreed to.

DEPARTMENT OF JUSTICE

Penitentiaries—

Amount required to carry out agreement between His Majesty and the municipality of the village of St. Vincent de Paul for extension of the present water and sewer system connected with St. Vincent de Paul penitentiary, $3,000.

Mr. ROSS: I had the floor when this item was up before. I am going to detain the committee only a few minutes. I am compelled to speak to-night on behalf of those guards who were dismissed by the new administration some years ago to promote efficiency. Their notice to go was in these terms: "Guard So and So: Acting under instructions from Ottawa, I have to advise that you will be retired from the staff of this institution to promote efficiency;" or: "Guard So and So: Acting on instructions from Ottawa, I have to advise that you have been retired from your position on the staff of this institution, to take effect from the 25th, to promote efficiency." I have a dozen of them here, notices to men who were dismissed by this new administration to promote efficiency, and now we have information that for eighteen months there has been no efficiency, though these gentlemen have lost their positions. I want to say on behalf of these guards that, at the time the riots occurred, the new superintendent came to my door, without solicitation from myself after he had dismissed about five or six of them, and gave me the promise that these men would be restored. He gave me a straight promise that they would be restored. I went to these men and begged them not to raise any disturbance but to keep quiet because they would be put back in their positions, and I told them that on the word of the superintendent. That word was not fulfilled, but instead of that about thirty more were dismissed. I am speaking to-night on behalf of these men, pointing out the injustice that has been done them. In addition to that, I would point out that if Warden Megloughlin has been dismissed, the people want to know on what ground and for what reasons. Was he dismissed because he was inefficient? Was he dismissed because he had not support from higher up? Or was it because he was carrying out some administration of his own or the administration laid down for him? These are matters that are disturbing to the people of Kingston and to the

guards who have been dismissed. It is too late to discuss the matter to-night, but I can assure the committee that, having waited patiently for some time for an explanation of their dismissal, I am speaking now only in the interests of the penitentiary. No matter what any newspaper or anyone may say, I am expressing my own views, and I have at heart the welfare of these guards and of the people of Kingston as well as of the penitentiary. The people of Kingston are disturbed after the disclosure that has been made to the house that efficiency has not been secured, although a dozen or two of guards have been dismissed. I have done my duty, and though I have not time to-night to discuss the matter further I promise you that I shall return to the subject at the very beginning of the next session of parliament.

Miss MACPHAIL: Unfortunately it always happens that the penitentiary estimates come up at the very close of the session. I have sat through this session and listened to a good deal of good talk and a good deal that might have been better left unsaid, and I intend to-night to take up as much time as I would two weeks before prorogation.

In the winter the Minister of Justice, discussing the Kingston penitentiary riots, said that they were due to communist activities in that institution. When General Ormond, who was superintendent of penitentiaries in Canada, was listing the causes of the riots in Canada he enumerated eleven, and the last one was the only cause that could be interpreted as communistic. Oddly enough, the riot of October 17-20, 1932, was by no means the only one in Kingston. I take my information from Superintendent Ormond's reports. There was an uprising in Kingston on September 17, 1921; another on January 17, 1923; another on October 3, 1924; another on January 22, 1927, and some sort of disturbance called the conspiracy on August 5, 1931. Then there were the riots in October, 1932. It would be interesting to hear from the Minister of Justice what caused all the other riots, since many of them took place before the communists were in Kingston. It is too thin a reason to give to an intelligent body like the House of Commons, and I think that the events since that speech was made by the Minister of Justice have borne out the contention that the reason simply was not good enough. The minister at that time took the ground that the 50,000 communications he had received asking for an investigation into our penal institutions were from communist sources. I do not know where they came from, but I do know that the Toronto Globe, which could not by any stretch of imagination be said to be a communist journal, for weeks and even months campaigned in favour of an impartial investigation into the difficulties at Kingston. And not only the Globe, but other newspapers, such a journal as the Whig Standard of Kingston and more recently, since the debate in the House of Commons a few days ago, the Hamilton Herald and many others, have asked for an impartial investigation into all Canadian penitentiaries and particularly Kingston penitentiary, where there has been one disturbance after another. Moreover, such eminent authorities as Archdeacon Scott and Mr. W. M. Nickle, K.C., of Kingston, who had much to do with the defence of certain convicts in Kingston and has for a long time been deeply interested in the conditions in the penitentiary, and whose father was one of three people who made the finest report on penitentiaries we have ever had, have urged such an investigation.

Possibly at this point I might say to the hon. member for Marquette that Major W. M. Nickle, in an interview given the Toronto Globe on Wednesday, June 27, made reference to the hon. gentleman in these terms:

> Just to bring this matter to a head, I challenge Mr. Mullins to prove that any instance in my letter to Canon Scott is incorrect or false; and if the government will give me a chance I will prove that what I have stated in my letter is correct in every detail.

His letter, which was read on the floor by the hon. member for Winnipeg North Centre, is a terrible indictment of the management of Kingston penitentiary. Surely there should not be required any further urging of the government for an impartial investigation. There should be a royal commission or a special committee of investigation to look into conditions not only in Kingston penitentiary but in all the penitentiaries throughout Canada.

I should like to take some time to give what I think are some of the causes of the riots.

I am going to quote for a moment or two from the decision of Judge Deroche in the Rex versus Kirkland case in which he says:

> The men (meaning the inmates) had for months and possibly years been asking for the removal of certain grievances which were in their minds, with little or no response.

Then he goes on to say:

> They now decided that on October 17, at three o'clock p.m. they would walk out of the shops and make a peaceful demonstration to impress the warden and through him Ottawa.

At the end of the judgment he says again on page 7:

> Then to go back to the cause of the riot. This peaceful demonstration which developed into a riot, was for the purpose of emphasizing the demands of the men for redress of certain grievances which had been long and repeatedly denied them. Many of the grievances for which this demonstration was staged have already—

Before this trial took place.

> —been granted to the men, proving conclusively to my mind that those demands must have been reasonable.

Those are the words of the judge who tried one of the rioters and in his opinion there was cause—not that the judge wanted a riot—and he gives as proof of his belief that the grievances which the men enumerated were remedied between the time of the rioting and the judgment made by him. I am, however, inclined to think there has been a slipping backward between that day and this.

Then, too, I want to say something about the number of repeaters. The figures were given the other day by the hon. member for Kingston City (Mr. Ross), that in Canadian penal institutions twenty-one per cent of all the inmates are serving a term for their second offence; fourteen per cent for their third offence and twenty-two per cent for their fourth offence or over. Using a statement from Superintendent Ormond's report, seventy-five per cent of all the prisoners in Canadian penitentiaries have had previous convictions, for incarceration possibly not in penitentiaries, but, if not, at least in some other place such as a gaol or a reformatory. I remember one time Brigadier General Hughes told me that the average cost of a conviction was $1,200, so if we figure it out on that basis, the repeaters, using the percentage I have just given and the prison population of this year, mean an increased cost to the people of Canada of $6,735,600; that is the repeater cases over and above the first conviction. Therefore, I should think if the House of Commons is not affected by a humanitarian appeal it ought to be affected by a financial or purely material appeal. It is bad business to go on putting men into penitentiaries where they are not reformed, where apparently, after leaving such institutions, they cannot make a place for themselves in life and so return to prison.

I feel the House of Commons ought to take much more interest in this subject than hon. members have shown. It always happens just as it is happening now that this matter comes up at the very end of a session, one gets an indifferent house and nothing is done from year to year. So we have such cases as the one mentioned in Mr. Nickle's letter and corroborated in Judge Deroche's statement that a man called O'Brien has been in solitary confinement in Kingston penitentiary from August, 1931, at least until July 12, 1933, and is quite probably still in solitary confinement. Since, however, the department guards its secrets so very carefully I cannot say whether that is still the case, but it is quite true that he was in solitary confinement for the period mentioned. Just think of it! a man in solitary confinement from August, 1931, to July 12, 1933! It would have been much more humane to stand him up against the wall and shoot him. The idea of putting a man into solitary confinement for a period running on into two years in a cell three or four times the size of a piano box, to use the term of the report prepared by Nickle, Biggar and Draper, and leaving him there for that length of time, although during that time he has never been tried for the offence for which he was committed to the solitary cell. Whether this has been done recently, I am not prepared to say I would like the Minister of Justice, when he replies, if he does reply, to tell us whether or not O'Brien is still in solitary confinement.

I have also been interested in the case of Tim Buck. There are various reasons for my interest in him. The committee will recall that it was said he was shot at. That was denied, but it was admitted the other day by the Minister of Justice that eleven shots were fired into the cell of Tim Buck. I notice that Major Nickle in an interview which he gave to the Toronto Globe recalled to us all that when crown counsel MacKay was questioning Tim Buck, he, Buck, stated that his cell was the only one of seventy-six cells in D range which was fired at. It would be interesting to me to know on what date he was fired at, whether it was on the riot of the seventeenth or the riot of the twentieth, and whether he was fired at from the corridor directly into the cell or whether he was fired at from the yard outside. It seems rather remarkable that if there are seventy-six cells in range D, one cell should be chosen and eleven shots should be fired into it. We were told the other day that they were fired into it in order to quiet or frighten Tim Buck. I should think it ought to have been a successful method. I do not know whether others in the house feel as I do about the matter, but to me it seems a remarkable action that one cell should have been chosen and these volleys should have been fired into it. The shots were all supposed to have lodged in the ceiling and it is very lucky for Buck that they did. If they were fired from

the yard outside they must have been fired by excellent marksmen if they hit the ceiling every time and did not hit Tim Buck.

I am going to quote Judge Deroche again. It was said by the minister that Buck was standing in the door of his cell encouraging the rioters. In this report the judge says on page 7:

Buck told them—

That is the prisoners.

—that the soldiers would not hurt them if they did no violence to person or injury to property.

That does not sound very much like encouraging the rioters or like a terrifically dangerous man who needed to be fired at eleven times in order to cow him. I am going to quote again from page 3 of the same report; it is very much in the same language:

When it was announced that the soldiers were coming, one of the men, Tim Buck, advised the men that the soldiers could not or would not hurt them so long as they did no damage to property or violence to anyone, and instructed the men to gather pails of water and barricade the door, expecting to stand siege.

At the end of this document when Judge Deroche is giving judgment on Kirkland, he gives a modified judgment because he says that they did no injury to anyone. All that would lead one to think that there was possibly as much violence on the part of the authorities as there was on the part of the men.

There is one other protest I wish to make; I feel it is useless and still I want to make it. I think we have altogether too much military control in penitentiaries. We started off with General Ormond, and then we had Colonel Megloughlin who now has been asked for his resignation. I want to point out that the technique which serves well with normal and healthy men and men more or less free, as soldiers are, would be quite different from the technique required for men who are morally or mentally sick, who are not free and who are embittered and therefore very difficult to deal with. I do not think that the method which works in one case will work in the other. We need to start as soon as possible to handle intelligently our prison population. We need a psychiatrist, as mentioned by General Ross, and we need segregation of prisoners. Possibly the Minister of Justice himself made the best plea for segregation of prisoners of any I heard. I think he said that there were not more than one hundred prisoners in Kingston —he was speaking of Kingston particularly —who were of a violent sort, and that the others were, to use what I think was his term, law-abiding citizens: I suppose he meant to say they did not give much trouble. One hundred out of something like—I forget at the moment what the population of the Kingston penitentiary is; at any rate they are a small part of the total. Superintendent Ormond gave the percentage of incorrigibles as fifteen. In another part of the same report he said that twenty per cent belonged to the born criminal class. Nickle, Biggar and Draper in the report of 1921 said that fifteen per cent had given trouble, and not more than five per cent were difficult to control. From all this I think we can conclude that only a small percentage of the prisoners are incorrigibles. Therefore it would seem a logical and sensible thing to segregate these, and try our best to save the others, not only for their own sake but for the sake of society to which they must one day be returned. Because if these men continue to be criminals they are going to cause destruction to life and property, with a great deal of suffering and misery to people outside the prison.

I feel that the government of Canada should no longer refuse to have an impartial investigation into our penal institutions. If they do, the responsibility must be entirely on the shoulders of the administration. We have done as much as we can do; newspapers and societies and a great number of people as individuals have said there should be an investigation. I believe that the public will never be satisfied until there is one, and I urge upon the government once more that it be held.

Before I resume my seat I would like to ask the Minister of Justice if it is true that Colonel Megloughlin is to be given a position in the civil service, as reported in an Ottawa paper just the other day.

Mr. GUTHRIE: I know nothing of the report, nor of any foundation for such a rumour.

I should like to detain the committee at some length in regard to the situation spoken of by the hon. member, but as I understand His Excellency is on his way to the parliament buildings, I shall have to reserve my answer to a future occasion, in order that what I think is the desire of everyone may be complied with and the house enabled to prorogue.

Mr. WOODSWORTH: The minister has taken a most remarkable attitude.

Mr. GUTHRIE: I have given my reason.

Mr. WOODSWORTH: The minister has given his reason and I regard the reason as

entirely insufficient. The hon. member for Kingston City (Mr. Ross) said a little while ago that it is perhaps too late to-night to discuss this, but we have been put off for several years. It is an unfortunate condition, that even a supporter of the government has to admit that he has been put off for several years. We have all been put off for several years. Again and again the government has brought on these estimates at the very latest moment—

Mr. GUTHRIE: That is not a fair statement. These estimates have been up on at least two previous occasions this session; they have stood from time to time on special request.

Mr. STEVENS: When the hon. member for Southeast Grey (Miss Macphail) was away.

Mr. WOODSWORTH: Last year the estimate was put through at a very late time and without any warning. Often notice is given; last year it was not given. It is true that this year the estimate was held up, or one item, but there is no reason whatever why these estimates could not have been brought down earlier than on the last night.

Now, Mr. Chairman, the welfare of nine hundred men is at stake. They have been neglected for several years. The department has carried on the affairs of the penitentiary in such a way that very serious riots have occurred, riots that have involved heavy expense on the part of the government, and that have shocked the conscience of the people of Canada. I refuse to permit the Minister to say at 11.40 o'clock on a Saturday night that on account of the Governor General coming here he will decline to answer, and that we shall again be put off.

Mr. GUTHRIE: I did not at all refuse or decline to answer; I gave the reason why I did not at the moment do so. Now I understand that the situation is changed on account of the attitude of my hon. friend who is now speaking: His Excellency will not come, so there will be abundant opportunity on Tuesday.

Mr. WOODSWORTH: I congratulate the minister and the government on its good sense in affording an opportunity for the discussion of a most important problem. Now do we go on?

Mr. BENNETT: I should think it would be desirable, in view of the statement made by the hon. gentleman, to discontinue the debate at this hour of the night. It is quite clear that it will be impossible to prorogue before Sunday morning. I propose to move that the house adjourn until Tuesday morning at eleven o'clock.

Mr. WOODSWORTH: I would remind the Prime Minister that he set a very good precedent several years ago for the action we are taking to-night.

Mr. BENNETT: I should like to make it perfectly clear that His Excellency is prepared to come at any moment if he is asked to do so, but I will not take the responsibility of asking him to come to this chamber on Sunday morning. It would be within the law, but I will not ask that it be done.

While I am on my feet I should like to say that I took the responsibility, I think twice myself, and it was done once by another, to have the penitentiary items stand over because of the illness of the hon. member for Southeast Grey (Miss Macphail) in order that she might have an opportunity to be present. The thanks that one gets for doing it are found in the observations she made to-night.

Miss MACPHAIL: I thanked the Minister of Justice (Mr. Guthrie), on the first debate on this subject this session and I found I did it too soon. Whe have a very good precedent for the house not proroguing on Saturday night but being held over. I remember in 1929 the Prime Minister, then leader of the opposition, held the house over from Saturday to Monday, and it was then quite the thing to do. I do not propose to have on my shoulders the responsibility for holding it over, because I have sat here constantly ever since the item was discussed on Monday, knowing it had to come up again, I have stayed in the chamber ready to go on at any time, but it did not come on.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the item carry?

Mr. WOODSWORTH: No, Mr. Chairman, the item does not carry.

Progress reported.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. BENNETT: Mr. Speaker, I move that when this house adjourns it stand adjourned until Tuesday morning at eleven o'clock.

Motion agreed to.

On motion of Mr. Bennett the house adjourned at 11.45 p.m. until Tuesday, July 3 at eleven o'clock.

Tuesday, July 3, 1934

The house met at eleven o'clock.

PRIME MINISTER'S BIRTHDAY

FELICITATIONS FROM LEADER OF THE OPPOSITION ON BEHALF OF HOUSE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I understand that this is the Prime Minister's birthday. I should like to extend to my right hon. friend my best wishes for many happy returns of the day, and perhaps on this occasion he will allow me to speak for the house and to extend these wishes on behalf of us all.

Right Hon. R. B. BENNETT (Prime Minister): The very unusual and kindly act of the right hon. the leader of the opposition I shall not soon forget. Through you, Mr. Speaker, I should like to thank him for having thought of so gracious an act as that which he has just now done and, more, for the felicitous terms in which he has expressed it. I have had a very interesting and very hardworking life; I have enjoyed the one and gained much experience from the other.

AUSTRALIAN WHEAT AND FLOUR

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): On Saturday I directed a question to the Minister of Trade and Commerce in regard to Australian flour shipped from Southampton to Halifax. Has the minister any further information?

Hon. H. H. STEVENS (Minister of Trade and Commerce): There is no further information. There are a few small shipments coming in but nothing out of the usual. The necessary and, I think, effective steps have been taken to deal with the whole question and I may say that in this respect we are receiving the reasonable cooperation of the Australian authorities.

Mr. SANDERSON: My question was directed to the minister in regard to this one shipment, which he said he would look into—a very large shipment from Southampton to Halifax.

Mr. STEVENS: I am sorry my hon. friend—

Mr. SANDERSON: Don't be sorry for me.

Mr. STEVENS: Pardon me. I say I am sorry that my hon. friend persists in stirring up this question. I have stated repeatedly that with the very kind cooperation of the Australian government the whole matter is being satisfactorily dealt with. The shipments are not large when one considers the movement of goods. The shipment he refers to is three hundred tons, not a large one. The matter is well in hand and is being most satisfactorily dealt with, and I do not think there is any need or occasion for agitation or alarm.

Mr. SANDERSON: Does the minister suggest that I am agitating?

Mr. STEVENS: No, I said there was no need for agitation.

Mr. YOUNG: I hope the minister will not take any action that would tend to jeopardize the market for our own flour and wheat in Britain and other countries.

CAUGHNAWAGA SANITARY CONDITIONS

On the orders of the day:

Mr. VINCENT DUPUIS (Laprairie-Napierville): I wish to ask a question of the Minister of the Interior. Yesterday I had the honour to be invited to the ordination of the first Indian priest in Caughnawaga, and while we were there the authorities were very anxious to know whether something could be done in the interests of hygiene. There is a very high death rate in that reservation. In the province of Quebec there are sanitary units and it would cost the Department of Indian Affairs only $150 a year, and the Quebec government could take charge of this reservation. I should be very much obliged if the minister, from his general estimates, could devote the necessary sum for hygiene purposes in this district.

Some hon. MEMBERS: Order.

Mr. DUPUIS: With the kind permission of my hon. friends opposite I should like to present this matter to the minister.

Mr. SPEAKER: If the hon. member is going to ask a question he should ask it. There is no motion before the house to justify a debate.

Mr. DUPUIS: This is not a debate.

Mr. SPEAKER: Will the hon. member proceed to ask his question?

Mr. DUPUIS: I have no wish to embarrass the government, and the question is not asked for political purposes. It is only from a sentiment of humanity that I am putting the question.

Mr. SPEAKER: Put it.

Mr. DUPUIS: I simply want to remind the minister that there is no sewer system there.

Hon. THOMAS G. MURPHY: (Minister of the Interior): I did not hear the question but I can only say that I shall be glad to give the hon. member's remarks consideration.

SUPPLY

INTERNATIONAL WHEAT AGREEMENT—STATEMENT OF MR. MOTHERWELL

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee of supply.

Mr. MOTHERWELL: Mr. Speaker, I was going to ask the Prime Minister whether we would have an opportunity on the supplementary estimates of the Minister of Trade and Commerce (Mr. Stevens) of discussing the international wheat agreement. If we would at that time, then I would not raise the question now, but if we shall not have that opportunity on the estimates of the Minister of Trade and Commerce, then I propose to take the matter up now although I would prefer to do so on the estimates.

Mr. BENNETT: It had better be taken up now in view of the condition of the estimates.

Hon. W. R. MOTHERWELL (Melville): As the house is aware, we have several times made the request from this side that we be given an opportunity of discussing the international wheat agreement, but the Prime Minister seemed to think we had already discussed it sufficiently in the interest of the question itself and of the country generally. Developments, however, have recently taken place in connection with the question, that render it necessary that we should have something to say about it before we prorogue. Because of that, rather than wanting to introduce the matter on going into supply, I thought maybe the Prime Minister would let it be discussed on the estimates of the Minister of Trade and Commerce, but I believe my right hon. friend's decision is correct that the matter should be taken up now rather than on the estimates because there is no estimate dealing directly with the question and therefore permission to deal with it then might be denied.

The first step looking toward the failure of the international wheat agreement was in 1930 at the special session when the government of the day authorized imposing of an embargo on six or seven of the major exportable commodities of Russia. They did this in none too delicate a way and it was accompanied by remarks that a great country like Russia could not be expected to entertain without some resentment. It seems to me that anyone who had any knowledge of international matters would know even at that time that embargoing the major exportable commodities of that great country was the last thing to do if we ever wanted to enter into an international trade agreement with Russia in regard to the production of wheat or any other commodity.

In 1931, the year following, there was an international conference at Rome respecting wheat. Russia had again come into the picture by that time as an exporter of wheat and the whole world was agog as to what was going to happen with Russia again exporting wheat, and at prices that some people said constituted dumping. The assemblage at Rome was brought about apparently with the hope that something might be done in the way of an international understanding about wheat. My recollection is that the Hon. Howard Ferguson, then and now High Commissioner for Canada, was Canada's representative at Rome and I think Doctor Riddell from Geneva was also there. The wheat pool had a representative there. Mr. Williams was there; I do not know whether he represented the pool or what, but Mr. Robertson was there on behalf of the wheat pool, as I understood. The conference was not very long under way when it became quite evident that very little was going to be done in the way of an international agreement. Russia was also represented. My recollection is—and I am subject to correction—that before the conference was very long under way, the wheat exporting countries were lined up on one side and the importing countries were lined up on the other. The conference adjourned with that line-up, the different countries not feeling very well disposed toward each other, the importing countries decided to reassemble in Paris under the leadership of the late Premier Briand and the others—the exporting countries—to reassemble in London under the leadership of the Canadian High Commissioner. This latter assembly was appointed more or less as a continuing committee to deal with this question, to dig into the matter of statistics and all that sort of thing, until finally in the following year, 1932, the Ottawa Imperial conference met in this capital city. The question of an international agreement with respect to wheat did not come up very prominently at that conference but the question of British preference in regard to wheat did. We do not need to go into that matter; the Prime Minister took the ground at that

time that the preference was intended not to raise the price of wheat but rather to give Canada a sheltered or secured market in Great Britain which objective subsequent events do not seem to prove, has yet been attained.

In the year following that, the big world international conference at London was convened where sixty or more countries were represented. Surely something was now going to be done with regard to not only an international wheat agreement but many other matters. It was thought the world was ready for a rest in connection with tariff increases and the very knotty problem of exchange was also to the fore, Great Britain having gone off the gold standard in the meantime in September, 1931. I do not need to tell the house what happened at that great international London conference which was very imposing. It was thought there were great possibilities in it, but President Roosevelt apparently got a new light as to what his duties were and something suddenly arose with regard to the conference proper, that is so far as the two features I have mentioned were concerned. Out of that international conference proper, that is the one consisting of some sixty countries, was developed what might be called an auxiliary conference. It was practically the same conference but there was a subconference—I use that term for want of a better—comprising some twenty-one countries that were interested in either buying or selling wheat. According to my recollection my good friend the Prime Minister was chairman of that conference. I have no notes before me; I am speaking from memory and it will not aggrieve me at all if I run off the track and somebody sets me right; but I remember the right hon. gentleman was chairman; I may say that he was the head, the tail and the middle of that conference. We have just been passing felicitations about my good friend's birthday and this would be a nice time to make the remark that no matter whether it was a world conference or a smaller local one, my right hon. friend was never in it for ten minutes or at least half an hour before he was the centre of attraction and was pretty much in control of the conference especially when he was chairman. Naturally that would be the case. I can imagine him being there when he would be in the limelight, the central and the most brilliant member of that conference; I do not know anyone who would be more so. Had it not been for his great energy, personality and perseverance there would not on that occasion have been any international wheat agreement. But when we know him as we do and the masterful manner in which he takes up a question, especially one with which he was thought by the other countries to be pretty well familiar, there was nothing else to it but to go ahead with his great driving force behind the project and the conference. It has often been said that this was the one redeeming feature of the international conference consisting of sixty countries, that convened there some weeks or months previously. Therefore, when my right hon. friend returned from that conference in London with the laurels of what seemed to be a considerable victory on his brow, he might be pardoned for making some pretty strong claims on its behalf and at least he might have been expected to ask the concurrence and approval of this house in his wonderful achievement. But that has not been done yet. And we know why it has not been done. Anyhow the Prime Minister came back and made a very extraordinary speech in Winnipeg before a body of young business men, saying in regard to the agreement: What is there to do in this world regarding the increasing and embarrassing wheat carry-overs but just what business men are doing? When they found their shelves were full of goods for which there were not enough buyers they reduced their inventories, that is reduced orders for goods from the manufacturers until the shelves were lightened. We have to remember that that illustration was given before a body of business men; it was the sort of illustration that would appeal to them. It took like hot cakes, as the saying is, with them, and it seemed a reasonable thing to suggest that the farmers do the same in their wheat production policies. That was the way he put it—why should not farmers pursue the same method when they found they were overstocked with wheat or any commodity: reduce inventories and all will be well. I hope the Prime Minister will correct me if I am exaggerating in any way. To superficial hearers it seemed reasonable, but unfortunately it is not a parallel case at all. Business men can do that, even though it embarrasses the manufacturer, but when a farmer is invited to reduce his production of wheat there is a further question: what is he to do with his acreage? Either the Prime Minister did not think that a matter of concern or he overlooked it; at all events he did not enlighten the country or the farmers about it. That was an awful anti-climax to my right hon. friend's earlier dictum, when he said he was going to blast his way into the markets of the world. One could imagine all things that stood in the Prime Minister's way blowing up sky high. But now he says in effect: This blasting process has not worked out; the only way to meet the situation is not to

have so much wheat to sell, and then I shall not have to use so much powder in blasting. He said further: Would it not be better to sell one bushel of wheat at one dollar per bushel than two bushels at fifty cents each? That was intended to be a clincher. I was up in Mackenzie riding at the time—you heard about the Mackenzie by-election last fall no doubt, Mr. Speaker. When we arrived there it was terribly wet; all meetings were cancelled because of the condition of the roads. In Wadena we assembled in a room in the hotel where there was a radio and were entertained hearing this or another speech from Winnipeg by the Prime Minister. It was not a question whether he was reported properly or not; we were delighted to hear him, and we were almost convinced against our judgment that the Prime Minister had the remedy,—selling one bushel at one dollar instead of two at fifty cents each. If it were only as simple as that, wouldn't it be glorious? But there were one or two difficulties. To begin with, who was to give us the one dollar? And the statement was chock full of other economic blunders and fallacies, in addition to that vital defect. Mr. McFarland has never been able to dispose of his wheat at one dollar since then nor any one else in Canada that we have heard of. So the whole idea was just a dream and a mighty bad dream. Now what is the next move—the next part in the play? I have always believed that the Prime Minister himself never thought much of that wheat agreement. He has too good a business head to think that you can get prosperous by artificially reducing the world's production by practically endeavouring to shorten the arm of the Lord and reduce the abundance with which He has blessed this world. I could not imagine a man of parts like the Prime Minister preaching such a horrible, heathenish fallacy.

But, when we come to see who were his advisers on that occasion, then I am not so surprised at his blunder. Who were the Prime Minister's advisers at this international wheat conference and before? The three prairie premiers, Mr. Bracken on the east, Mr. Anderson in the centre and Mr. Brownlee on the western front. In addition he had Hon. Mr. MacPherson, a very fine and capable attorney general for Saskatchewan, who I remember went overseas with the Prime Minister. Then there was a gentleman familiarly known as Andy Cairns. He was there as a statistician. Those were the Prime Minister's advisers on this problem of an agreement to control the international marketing of wheat, restricting it to what were thought to be the consumptive requirements of the world. Mr. Bracken made as good a case as could be made for an international agreement. He is the only farmer premier I know of in Canada,—I have not even that before me, because I did not know I would be speaking now. I followed him with a great deal of interest, particularly as Mr. Bracken was at one time a member of my own staff in Regina when I was a minister there. I knew him well; knew he was well informed, and his attitude had quite an effect upon me. I dug into the question further and further to see where he was wrong, if he were wrong, or if he were right wasn't it time I should get right and try to get behind this new theory of restricting our abundance in order that we might become wealthy. Might I point out incidentally that a while ago someone said that the man who could make two blades of grass grow where formerly there was one, such a one was the man of the hour, but now it seems that the man who would and could make one blade grow where formerly two grew is the boy from Galway. The latter was the Prime Minister's position. Well, I do not think much of that attitude. It is a new doctrine to me and I cannot get reconciled to it. Anyhow Mr. Bracken was behind it, Mr. Cairns was behind it; I understand it was he who gave Mr. Bracken the wrong slant. Mr. Cairns is a wizard with figures; he was adviser to the pool in the fall of 1929 as a statistician, but he is not an agricultural economist; that is something Mr. Cairns knew nothing about. But he can handle figures in a marvellous way; he seems to be able to mesmerize even those who should know better and convince them that he is also an authority on agricultural economics, which he is not. Consequently that adviser was never able to put my right hon. friend aright in the matter of what might come out of a world wheat agreement.

Then there was Mr. MacPherson, who went over with the Prime Minister. I know him very well; he was my opponent in the federal contest of 1921, when I got to know him very well and very favourably. But bless your heart, Mr. Speaker, what he did not know about wheat would fill a whole book and more. How could he possibly know anything about wheat? How could you expect to take a professional man, I don't care how high he is in his profession, and trot him off to a world conference expecting him to work out one of the biggest problems that was ever attempted to be worked out in connection with any farm commodity? Bread is spoken of as the staff of life, and here this uninitiated lawyer attempted to work out this great

problem. I am not saying anything disrespectfully of lawyers; I would say the same thing of myself if I were put into some job I knew nothing about and expected to make a good job of it. I did not expect him to be of much use to the Prime Minister, and he was not; it was a case of the blind leading the blind, because on that wheat question they were both as blind as bats.

Now we come to Doctor Anderson, also a man of parts. I suppose he had more of a cosmopolitan education than Mr. MacPherson had; he was also a lawyer and he held an honorary doctor's degree. He was some man, but he did not know very much about wheat either. It would be difficult for anyone to live in the west without knowing a field of wheat when it was growing, but I have seen men come from eastern Canada who did not know a field of wheat when it was growing. Certainly Doctor Anderson was not qualified to give much good advice to the Prime Minister. Then there was the third prairie premier, Hon. Mr. Brownlee, another gentleman of parts, another lawyer, head of the farmer's government out there for a long time. He was very acceptable in that capacity but, notwithstanding his many qualifications, no one ever dreamed that he knew much about an international wheat agreement. I realize that he has been mentioned in connection with many appointments, but he lacked the one thing that was necessary in an effective adviser to the Prime Minister of Canada on such an important errand.

With all those advisers, or misadvisers, is it any wonder that the thing did not go? It did go in a sense; it went from bad to worse, and now it is about on the scrap heap. A wheat agreement including certain quotas that did not include Russia was a very defective agreement. No matter how she talked how could you expect a great, proud nation like Russia to agree to any such thing? She was coming along with a constitution and form of government that many of us did not like, but it was her prerogative to have any kind of government she preferred so long as it did not interfere with other countries. They were building up their country and we slapped them bang in the face with these embargoes. Then we expected the representatives of that great country to play Canada's game in connection with an agreement concerning wheat, with Russia on the up grade, developing her wheat in order to feed her own people, who were increasing in number very rapidly due to the natural increase. It was an act of childish folly for anyone to expect Russia to sign that quota agreement; it was contrary to the very nature of things. She was going onward and upward in wheat production and Canada was the last country that had any right to expect her to come down off her pedestal and adapt herself to our requirements with respect to wheat production.

That was the beginning of the let-down. It was true that the Danubian countries signed the quota agreement; Argentine signed, and Canada and the United States signed. Practically all the important countries signed with the exception of Russia, but it was not long before the Argentine showed signs of wanting to get out of it. Their crop was larger than they had expected; their quota was only something like 110,000,000 bushels, and it became rumoured that the Argentine had changed her mind, which might be expected in any democratic country. Sometimes governments are compelled to change their attitude. I am not criticising the Argentine; I have no doubt she changed her mind because her people changed their minds, but the result is that she is sailing ahead above her quota without regard to the wheat agreement at all. She has exceeded her quota now by some six or seven million bushels, and by the end of the present grain year she is expected to be something like forty million bushels ahead of her quota. I understand that she entered into some negotiations with the continuing committee in London, but that she did not say one thing or the other; she just went on sawing wood, or in other words exporting wheat, and she is not under the agreement now either technically or otherwise.

May I ask who was the first defaulter? Did not Canada default the moment she neglected to have this parliament concur in that agreement? I am not an international diplomat or authority, but I have been in politics for some time, and I have never seen an agreement come back either to a legislature or to this parliament which was not presented for concurrence or disapproval, as might be thought best. Invariably it was the government of the day that negotiated the agreement; invariably the government of the day was supported, but this agreement has not been supported or concurred in nor has this house been asked to do so. We were asked to concur in the silver agreement arrived at during the course of the same conference; so that a less important agreement was concurred in by this parliament, yet until to-day we have not been given an opportunity of discussing the more important agreement, so far as I know. We set a day apart to discuss sweepstakes, which surely are not of as much importance as an international

wheat agreement. We discussed that subject for a whole day, and I think to advantage, but we were not given a day to discuss this agreement. It is up to the right hon. Prime Minister to explain these things. It is just possible that there may be an alibi, and if there is I think it is the duty of the Prime Minister to seek an opportunity to explain that alibi instead of waiting for me to bring up and press the matter.

I want to be able to go home and either say that the wheat agreement was concurred in by the parliament of Canada or that there was some sound reason for not asking concurrence. I think I know the reason. It began to dawn upon the right hon. Prime Minister, as it has been dawning upon the rest of us, that he was wrongly advised, so what did he do? He said in effect to the prairie premiers. "You have shoved me into this thing; now I am just going to pass the buck back to you and 'let George do it.'" The three Georges have been trying to do it ever since; they passed an act in each province allocating this 200,000,000 bushel quota of ours. Well, we are away below even the quota now and the grasshoppers are making it appear that we will hardly require a quota this year or next. The only excuse the Argentine gives for default, so far as I have seen, is that Canada did not live up to her agreement to reduce acreage. I do not know that Canada ever agreed actually to reduce the acreage; I do not know. That has been said, and that inference has been drawn. When you reduce exports however—and we have agreed to reduce exports—you must admit that inferentially it means a reduction of acreage. Otherwise you will have the excess production backed up on the hands of the farmers. Can the farmer pay his bills by looking at his wheat in rickety old granaries not fit to take care of it in the summer time, granaries in many instances with rats in the bottom and cracks in the sides?

That is the wonderful policy which the right hon. gentleman opposite evolved. I am looking forward to the Prime Minister telling me how he can justify not asking for concurrence, and still claiming that he played the game. As I see it, he was the first to default, on behalf of Canada—not counting Russia. She did not default, because she never agreed to her quota. If the Prime Minister will show substantial reasons why he did not ask concurrence I shall remove that harsh word. If you like, I shall remove it now. Probably I should wait until he makes his presentation of the case, and probably I should not be so harsh as even to suggest that Canada defaulted in her international obligations. But how can I get away from it? That is the excuse the Argentine gave; they said that Canada did not come to the scratch, and therefore they wanted to know why they should be expected to toe the mark. That is the way the matter stands. We will soon be out of the present crop year. The stabilization authority in Winnipeg has been very desirous of holding up the price, and for that attitude I must give him credit. I have pointed out on three or four occasions however that the moment you hold the price of a commodity out of line with those of your competitor, then your export sales weaken and dribble off. That is what happens and has happened in Canada. Apparently we are not going to get our quota of 200,000,000 bushels filled during the present year and with an estimated 160 millions or more of a carry-over on August next. It is a very laudable effort on the part of Mr. McFarland; He wants to get a price for the farmer, and I commend that attitude. We would certainly be glad to get a better price, but we would be gladder still to get more sales also. Are we going to be hamstrung like this in an agreement on which everybody else defaults even if I admit we may not have defaulted? As soon as it becomes embarrassing they say in effect, "Well, good-bye Mary Jane; I am off this quota business; anybody who likes can stay on." It is time we had a statement from the Prime Minister about this matter, and he should not have waited until the end of the session to make it. He looked as mad as a hatter or a March hare on Saturday night because some of us wanted to know a few things which we would not have known if prorogation had taken place then.

There is another phase of the matter about which I should like to make only a few observations. Who will say that even if we could have a practical international reduction wheat agreement, that is the right policy for us to persue. I put a resolution on the order paper a year ago last February asking this government to institute an inquiry into the possibility of selling more wheat and wheat flour in China. We were evidently being crowded out of Europe. The government were going to shut, indeed were shutting, their eyes to the possibilities of other markets. We could have looked for a market in China, and it was wrong, absolutely wrong before man and God, to try to reduce production when there were millions, tens of millions, hundreds of millions of people throughout the world going to bed hungry. Yet we did not even make an attempt to barter wheat with

them for their goods. We did not send a commission, a committee or even a single minister to the orient to see what was going on, and to learn if something could not be done to sell our wheat. I would not be surprised if a famine visited this old world; it almost looks that way even now. If man is not ingenious enough, after the showers of food blessings which have been bestowed upon him, to make a better job of distributing than he is doing now, it will be like when the manna fell from heaven and a lot of those lazy old Jews would not even gather up enough on Saturday night to do them over Sunday. Do you think they deserved to have more manna, under the circumstances? No, let them starve someone avers; that would have been more like justice. If we always had full justice meted out to us I do not know whether we would even be here or not. We hope the justice will not be meted out to us that we sometimes bring down upon ourselves. But this government uses all the ingenuity at its command to lessen the abundance, to create artificially higher prices so that those who had abundance would get more therefor, and so that those who had little or nothing would not be able to buy that which was offering at even the low prices hitherto prevailing. What a great policy in a Christian country! Apparently there is no recognition of the fact that there is a Great Architect or Wheelsman at the helm of it all, but they—the twenty-one countries so engaged—just go along and say, "I will fix that up; I will artificially reduce the arm of the Lord in the matter of abundance." I can tell you it is being reduced all right, both in Europe and on this continent. But practically none of it is now going to China, as a result of the policies of my right hon. friend opposite.

I have been trying to learn what was done in the matter of wheat sales to China. For nearly five months I have been making constant inquiries. The government of my right hon. leader did not send the Hon. Mr. Marler to Tokyo as an ornament. He has been making reports, some of which I have seen. Of course I have not seen the inside of them. When officials representing the Hon. Mr. Stevens came to see me, to ascertain what would fill my order for a return, they showed me a number of documents, a whole lot of them, and they told me that two reports on wheat had been made by the Hon. Mr. Marler, respecting the possibilities of selling more wheat flour and wheat in China. I said that was all I wanted, and told them not to ask me to read the rest in order to get at those two. They went away quite happy. I know those reports are in existence, and the Prime Minister has indicated that they are private. He did not say whether or not they were marked "private" by the Hon. Mr. Marler; I venture to say that they were not marked private, at all by him. No doubt those documents refer to one of the subjects uppermost in Mr. Marler's mind when he went to China. I happened to be in Vancouver immediately before he sailed, and having held conversation with him I know what was uppermost in his mind. He went to be a real emissary to get contacts with the eastern world whereby Canada would be able to sell more of her wheat, and other commodities. The Prime Minister—and I suppose he has a right to do so—has said that those reports cannot be tabled. I will go farther, and recognize his right to take that action, despite the fact that they may not have been sent as private and confidential; or that they may not have been marked "private." I recognize his right to make them private, and so to mark them. They could be considered private from his standpoint, and I am not finding any fault with him in that respect. He could mark them as being private information and then pass them on to the department interested, namely the Department of Trade and Commerce. Under instructions from his leader the Minister of Trade and Commerce could not, under the circumstances, table the reports, and that is the reason I have not been demanding them recently.

We have been kept in the dark long enough, and that is why I am availing myself of this opportunity of bringing the matter to the attention of the house and the country generally. I think it would have been better for the Prime Minister if he had brought down the return I asked for on February 9 last, and given the people an opportunity to see whether or not Mr. Marler was performing his duty, or whether the government had failed to carry out its duties. Then we want to know which should be dismissed, and if either had been negligent. That is all we want to know. We have not been given that opportunity. I have nothing more to say at this time, except to express the hope that this appeal, which I expect will be the last one this session, may be answered. I hope that even yet the Prime Minister will clear the skirts of Canada by taking the responsibility of either asking this house to concur in this quota agreement or at least showing mighty good cause why it should not be concurred in if it is to remain in effect.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, when a week ago

I asked this house whether or not it was thought to be desirable that we should have three sittings a day and close the business by sitting on Saturday, the house unanimously expressed the view that I should take the action which I subsequently did by preparing the motion which was submitted to this chamber and unanimously adopted. Had I thought for a single moment that matters such as the one now under consideration, were to be considered at this session I certainly should not have asked the house to sit three sittings a day and to sit on Saturday, for it was not at my instance that it was done but rather at the instance of the house whose will I endeavoured to reflect in the motion which was submitted to the chamber.

I do not propose to canvas this matter at this time; I only desire to correct one or two errors and then I shall be content.

First, Russia signed the agreement. That is number one.

Mr. MOTHERWELL: Not the quota.

Mr. BENNETT: Excuse me; I said Russia signed the agreement, and her signature will be found on the document submitted to the chamber.

Secondly, Russia was not mentioned in any legislation that was passed in 1930. It was not until 1931 that the embargo to which the hon. gentleman has referred was passed.

Thirdly, Russia at no time indicated any resentment with respect to the matter when dealing with the wheat quota. The question of the quota so far as Russia was concerned, was a matter to be arranged with the exporting countries when Russia knew something of the amount of wheat which would be produced in her country. There has never been difficulty with Russia except that the reports from time to time were out of line with what was believed by those who have been investigating, to be the quantity produced. It has turned out in fact—in fact; it is not a question of discussion—that the Russian crop has been somewhat less than was anticipated at the time the discussion took place.

Next, the Argentine has not withdrawn from the agreement. The Argentine has had the largest crop she has had for some time, and she has suggested that inasmuch as the quota which was granted to other countries would not be exhausted owing to the large crops that were available in Europe, she should increase her quota under the agreement. The question has been discussed on more than one occasion, and proposals have been made by the United States and representations by France and Great Britain to the Argentine with respect to the matter, and the representations of Great Britain, being an importing country, have had some effect. The question is still under consideration.

So far as submitting the agreement to this house for consideration is concerned, no one knows better than the hon. gentleman that the question of enforcing or endeavouring to enforce the area that should be sown to wheat was a matter within the realm of provincial jurisdiction, and each of the three provinces passed the necessary legislation. So far as the dominion was concerned, it assumed responsibility for seeing that no more than a given quantity of wheat should leave these shores for the purpose of complying with the conditions with respect to the quota. Those conditions have been complied with. Canada has not been in default; Canada will not be in default. Canada has complied with all the obligations which she undertook to discharge, and I cannot understand a Canadian trying to assert that others in strange countries may read that this country has defaulted in the obligations that it undertook. It has not done so and it never will default so far as we are concerned, in any of its obligations.

Mr. MOTHERWELL: May I ask the Prime Minister a question?

Mr. BENNETT: Certainly.

Mr. MOTHERWELL: It is not an embarrassing one.

Mr. BENNETT: No question of the hon. gentleman embarrasses me.

Mr. MOTHERWELL: I wonder how many other countries have first to default before we default. The Argentine has surely defaulted. Will all the other countries have to default and we be left standing alone like the boy on the burning deck, being the only one to carry out the agreement?

Mr. BENNETT: The further question that has been raised as to the wisdom or unwisdom of there being a lessening in production is a matter that can always be discussed. It is a debatable question, and I am not going to say again what has been said so frequently, and what I did say in Winnipeg, that when a man finds himself producing in larger quantities than he is able to sell, and which he knows he cannot sell because the people who used to buy from him are supplying themselves, when fifty million acres that used to be sown to cereals were put out of production during the great war, and forty millions were added to production in the United States and ten millions in this country, it follows that as soon as the country that was out of production went back into production

there would be a corresponding loss of opportunity on the part of the United States and of Canada to sell their cereals where they had sold them during the war and immediately thereafter.

Just as soon as the devastation caused by the war was overcome and the communities in question were able to sow and reap a harvest, just so soon was that market which Canada and the United States had theretofore enjoyed, limited to that extent.

So far as China is concerned we did have negotiations and we were offered, as I told this house many months ago, an opportunity to sell wheat to China on three-year terms, I think it was; but the conditions of government in China were such that we did not on that ground think it was desirable. But there was something more. They only desired to pay for the wheat a price equal to what our lowest grade of wheat would sell at, and we could not reduce the price of wheat in this country to less than forty cents a bushel in order to accept the Chinese offer, and we did not do so. The soft wheat of other countries found a more ready market than we were able to compete with. The price of wheat on the world market by reason of conditions that have been brought about partly by the agreement, partly by climatic conditions, partly by the acts of nature, and partly by grasshoppers, has been enhanced by these conditions, and I can only say to the hon. gentleman that it does appear to me to be—well, I shall not use the word I was going to use on this my birthday; I will only say that it does seem incredible that with knowledge of conditions as to the area that was put out of wheat raising and the increased areas that were put into wheat on the North American continent and in other parts of the world as well, when those countries went back to producing wheat to expect that we could sell them the wheat that we had been selling them while they were devastated.

In China the conditions of government are such that whether it is the government of Nanking or some other government that you are going to deal with you do not know what the conditions will be. Private purchasers have acquired wheat from Canada but the only offer which China made to this country in consequence of negotiations and inquiries and investigations was an offer to buy wheat at a price that we would not accept if we had the wheat to sell and at a price that we would not ask those who owned it to accept, and in addition they contemplated payment over a long term of years, necessitating that the dominion government finance the transaction in the meantime to provide the purchase price to those who sold. I am not unmindful that when the hon. gentleman first discussed a wheat conference at Regina he said, and the first literature that was prepared indicated, that all Canada had now to do was to produce, produce, produce, and many accepted his statement—

Mr. MOTHERWELL: When did I make that statement?

Mr. BENNETT: When the hon. gentleman first started the discussion with respect to the world grain conference at Regina, and the first literature was withdrawn for that very reason, because there was such a lack of understanding and appreciation of the fact that the countries that had been devastated were now coming back into the production of grain. That was a very reasonable mistake to make, I suppose, but it was made. So far as we are concerned we have endeavoured by every means within our power to bring home to the Canadian people the fact that in the countries in which formerly they sold their product they can no longer sell it for the simple and obvious reason that those countries all over Europe—down the Danubian basin, in Hungary, France and elsewhere, and in the Czechoslovakian countries, in all that territory where grain was produced in such abundance before the war, and which with the war was devastated—once more began to produce: the hardy peasants, finding how few of them relatively were left, as compared with their numbers before the war, prepared the soil for wheat, with renewed energy, and reaped an abundant harvest by their labour. That has deprived us of our market, although in the meantime we increased our production by adding ten million and more acres to the area under wheat cultivation. And now, confronted with that situation, all that has been said is this: "You have no warrant to continue on such a large scale; you have no warrant to increase production"; and when the hon. gentleman referred to the Bible as an authority, I wondered whether he had read the Pentateuch. Does he realize that under the Jewish dispensation one of the first things taught was the necessity for lands to lie fallow? The husbandman was to leave his lands fallow for a time in order that there might be increased and improved production; and if you read the directions given in this regard—and no one knows this as well as the hon. member for Winnipeg North Centre (Mr. Woodsworth) does, who is a greater authority in this field than I am—you will find that in

those days there was a clear appreciation and understanding of the fact that they did not produce more than they needed.

Mr. WOODSWORTH: There was also a jubilee in those days when all debtors were allowed to go free.

Mr. BENNETT: Yes, and if the hon. gentleman lives for a hundred years he will have one too—we shall all have a jubilee together. I can only assure the hon. gentleman that the arrangement that was made had met with great difficulty. The importing countries had urged upon the Argentine the necessity of doing nothing that would impair the value of the international arrangement, in the making of which so many countries had participated; and in view of the fact that the United States had the poorest crop it has had since, I believe, 1847—I speak subject to correction on that point—and with the stricken areas in some parts of Europe, and the low crop in western Canada, particularly Saskatchewan and some parts of Alberta, and the relatively small crop which Manitoba produced compared with the large total crop produced in western Canada, the situation is such that there is rapidly coming an equilibrium between production and demand, and until that time does come it is perfectly obvious that a difficult situation will exist. Whether it is brought about by man's action, vision, prescience and foresight, or by natural conditions or the devastations of grasshoppers, it follows that as the demand is fairly constant and can only increase where there is a diminution of supply in what were formerly importing countries, this country and others similarly situated will be able to meet that situation and that the husbandman, when there is equilibrium between supply and demand, will receive a reasonable return for the labour of his hands. But there is no sale of wheat in China at a price that would not involve the Canadian producer in a loss of from ten to twenty cents a bushel. That is the position.

Mr. MOTHERWELL: As far as I can understand the Prime Minister, he overlooked telling us why he did not ask the house to concur in this wonderful agreement. If we had concurred, other countries could not complain that we had not done this or the other.

Mr. SPEAKER: The hon. gentleman has exhausted his right to speak.

Hon. CHARLES STEWART (West Edmonton): I did not intend to say anything about this matter until the Prime Minister rose to address the house. Apparently all our troubles arise from the fact that Europe is now in production to a larger extent than before, or at least since the days of the great war. The amazing thing to me is that climatic conditions have played an important part in reduction in Canada and helped the situation tremendously. I wonder what would have happened to the Canadian farmer if we had produced at the same rate as we did in 1926, 1927 and 1928. Yet the right hon. gentleman seems to forget that the one country upon whom we could depend, or rather group of countries, Great Britain and the empire, for the absorption of our surplus wheat production, we have taken action against by way of tariffs, imposed in 1930 and 1931. The result is that to-day, even with depleted production, we are piling up surpluses every year. In view of the tariff increases against imports of British goods into Canada, can anyone blame Mr. Elliot and his propaganda for independence of any of the empire countries? Not a particle, when the empire countries treat Great Britain in the manner this government has done. While we have no claim on European countries, any trading we have done with them has been largely due to the fact that they required our product; and when owing to climatic conditions, the very best quality of wheat produced in Canada has been almost nil during the past three years, this government finds itself in the unhappy position of having piled up a larger surplus than any other wheat exporting country in the world. Yet hon. gentlemen opposite will tell us and the electorate that there was nothing they could do. The thing is perfectly absurd. There is a great deal that this government could have done and has refused to do, and I want to make this statement now in the House of Commons because I am going to make it on a great many platforms in Canada; and I am serving notice on the government that it will be made in no uncertain terms. So far as the farmers of this country are concerned, apart from granting relief, which I admit the government has done in a generous way, my hon. friends have done nothing, which they can name, that has been of the slightest assistance in selling the export products of Canada.

Mr. THOMAS F. DONNELLY (Willow Bunch): Three things are disturbing the farmers of western Canada: first, our climatic conditions; secondly, a market for our products; and thirdly, debt adjustment. We believe that this government has done much to injure the market for our products. The one thing we have to sell chiefly in the markets of the world is our wheat. When the Liberal

government came in in 1921 we were shipping between 200 and 300 million bushels, and in 1929 we were shipping 407 million bushels. Since that time the market for our wheat has gradually dwindled until this year, with a quota of 200 million bushels, we shall not be able to fill our quota. Year by year the market for our wheat has grown smaller and smaller, and the explanation is to be found in the trade policies of this government. Not long ago there was a conference at Rome attended by all the exporting countries and by practically all the importing countries, and one importing country which in the past has used a great deal of Canadian wheat gave us the answer then. France said: "We are willing to take off the restrictions we have imposed on Canadian wheat; we would like to take the duty off your wheat and are willing to buy it from you, but what will you buy from us in exchange for it"? Did we see a delegation set out from Canada to France to try to make arrangements to buy some of their products in order that they might buy our wheat? We did not; not a thing was done. The result is that the other day France doubled her duty on our wheat. When this government came into power her duty was eighty-five cents a bushel. It was increased to $1.44 and the other day it went up to $2.88 a bushel, making it absolutely impossible to sell any of our wheat in that country.

Mr. BENNETT: We could not sell at $1.44 either.

Mr. DONNELLY: We may not have been able but the price was high in France and it kept it up.

Mr. BENNETT: She was exporting.

Mr. DONNELLY: But she allowed the exchange.

Mr. BENNETT: And the duty has nothing to do with it.

Mr. DONNELLY: The duty has something to do with it. Just the other day, during the time of the elections, a Japanese agent was at Regina. What did he say? He said: "We have been buying 24,000,000 bushels annually from Canada and now we are buying 4,000,000 bushels. Why? Because Canada is not buying goods from us and we are buying from those countries that are buying from us. We are buying from Australia."

Mr. BURY: Are they buying wheat from countries that are buying from them?

Mr. DONNELLY: Yes. Why is Argentina able to fill her quota? Why are we not able to fill ours when we have a carry-over of about 200,000,000 bushels? Why is Argentina selling more wheat in England than we are and able to fill her quota? It is because we are not buying from England and Argentina is. Why does Switzerland that used to buy from us 10,000,000 bushels of wheat buy now only 3,500,000 bushels? Let my hon. friend read the Commercial Intelligence Journal. What does Switzerland say? She says: "We have to cut off our imports from countries with which we have an unfavourable trade balance and to buy from countries that buy from us." The result is that Canada has a market there 6,500,000 bushels less than she used to have. That is the whole story. We are not buying in the outside world from those that buy wheat and the result is that they buy from other countries that buy from them. Unless there is some change in this policy with which this government is imbued, our market for wheat will continue to fall off from year to year as it has been doing since this government came into power. The whole story is told, as the hon. member for East Edmonton said, in our high tariffs.

Mr. BURY: May I correct the hon. member? The hon. member for East Edmonton never said anything of the kind and hopes he will keep his brain sufficiently clear never to say that.

Mr. DONNELLY: I meant the hon. member for West Edmonton (Mr. Stewart).

Hon. C. H. CAHAN (Secretary of State): The hon. gentleman (Mr. Donnelly) has referred to France. I sat down on one occasion with twelve or fifteen gentlemen representing four or five departments of the government of France, to negotiate a treaty with that country. When it came to the discussion of wheat I was pressing for the admission on favourable terms of Canadian wheat into the French market and I was very insistent. One gentleman, I think it was the representative of the Department of Agriculture asked: "Mr. Cahan, do you know anything of French history?" I said that I knew something of French history as a schoolboy and as a student at college, and I knew something of her later history. "Well," he said, "if you have studied French history you will know that for four and a half centuries no man in France has reached the age of sixty years and certainly not sixty-five years who has not seen this country overrun with foreign troops." He said: "We no longer are able to maintain a fleet that will safeguard the carrying of wheat to France from Argentina, Australia and Canada in case of war. We have learned

by experience, and the policy of the French government and of all governments in France will be to produce sufficient wheat in France to maintain its population in case another crisis should arise in Europe." He said: "It is useless to present to us any arguments to the contrary." Then as I proceeded to urge that the use of strong or hard wheat was necessary in that country for mixing purposes, one of his assistants said: "But we are producing all the hard wheat that is necessary for French consumption." I asked: "Where?" He said, "For some years we have been importing from Saskatchewan hard wheat, sowing it in our North African provinces and producing there as good quality of hard wheat as you produce in Saskatchewan." He said: "We had available last year of hard wheat from the North African colonies 25,000,000 bushels for sale in France, and we must give prior advantage in our market to our Algerian colonies." One gentleman sitting beside him, a more elderly man—I remember his name but I shall not repeat it—said: "Perhaps you are misleading Mr. Cahan in this discussion, because although we imported hard wheat from Saskatchewan and sowed it, in the first year we produced equally good wheat as that of Saskatchewan, and from the seed of that crop there was equally good wheat the following year, yet in the third or fourth years the wheat tends to deteriorate and become soft, and we may have to import hard wheat from your country for our sowing every third or fourth year. But outside that you cannot hope for any large market for your wheat in France." Then, turning to the statistics, he showed me that for the previous year they had produced in France alone outside its colonies within sixty million bushels of the total product of Canada from sea to sea, and that for that year, according to the returns which were in then, they were producing more wheat in France alone than we had produced in the whole of Canada in the previous year. Under those circumstances it does not become a question of tariffs; it becomes, on the part of France, a grave question of national policy, based upon a clear determination on the part of successive governments and of all parties in France to raise in that country, at no matter what cost, sufficient wheat to feed their own people.

In Switzerland much the same situation exists. The Swiss regulations against the importing of foreign wheat have absolutely nothing to do with the tariff in Canada on Swiss products, but are due to the demand of the Swiss agriculturists that they shall be so protected and bonused as to enable them to supply from their own cultivated lands the entire quantity of wheat required in Switzerland. That is with them also a matter of national policy.

Mr. DONNELLY: Will the hon. member say whether this report of the Commercial Intelligence Journal regarding Switzerland is wrong?

Mr. CAHAN: I do not know anything about the report of the Commercial Intelligence Journal and it is useless to ask me whether what somebody else says is wrong or right, but I know from personal experience that what the hon. gentleman has just said is not in accordance with the facts.

Motion agreed to and the house went into committee of supply, Mr. Lawson in the chair.

DEPARTMENT OF JUSTICE

Penitentiaries—

Amount required to carry out agreement between His Majesty and the municipality of the village of St. Vincent de Paul for extension of the present water and sewer system connected with St. Vincent de Paul penitentiary, $3,000.

Mr. WOODSWORTH: There was undoubtedly on Saturday night some natural resentment in our not getting away, but it was perhaps hardly fair that the Minister of Justice should blame us for holding the house over. The fact is that we had a great deal of work to do. The Prime Minister had taken a chance on business being through by ten o'clock. The Liberals took their full share in discussing various items before we reached the estimates for penitentiaries. Under the circumstances it seemed to me that the only thing to do was to insist on securing fuller information from the minister than had yet been given to the house. I recognize clearly that the minister is not personally to blame for what we believe to be the bad conditions in Kingston penitentiary. However, under our procedure there seems to be no other way of getting at the facts than by insisting that the minister give us fuller explanation than the house or the country have yet received. I would point out that the prisoners are the most defenceless class in the community. They have been deprived of the ordinary rights of citizenship. They have no means of making their grievances known to this house. They have even been deprived of the rights of normal ordinary human beings.

An hon. MEMBER: They are not normal human beings.

Mr. WOODSWORTH: That is true, but I say, being deprived of the rights of normal human beings it seems to me that that is

all the more reason why we should see that no injustice is done to them. I think every one recognizes the difficulty of getting at the facts in a matter of this kind. On the one hand there is not the slightest doubt that we must discount the statements that come from ex-convicts; they are likely to be biased. But on the other hand I am coming to believe that we must discount to a considerable extent the official statements, the official denials, because it seems to have been the policy more or less to whitewash under-officials. I hope that is not true, but again and again we have had statements made that everything was going very well, only to learn a few weeks later that things were not satisfactory at all. We were told a few days ago that the resignation of Colonel Megloughlin was enforced because he had not been doing satisfactory work. It seems to me that that is hardly sufficient in view of the long history of trouble that there has been at that penitentiary. There are many who feel that in this case Colonel Megloughlin has been made the goat for inefficiency on the part of other officials, or perhaps for the lack of proper policy on the part of the department. It is for these reasons that we in this corner urge the appointment of a royal commission. We believe that this situation ought to be cleaned up. We believe that the public have the right to know the actual situation. It is difficult, as I have said, for the public to get accurate knowledge either from those who have been in the penitentiary or on the other hand from officials whose positions may be at stake. It is only by sending in absolutely impartial investigators that we shall get satisfactory results. Furthermore we urge that the time has come when there should be general consideration of the whole question of prison administration and the treatment of criminals. Other countries in the past have treated criminals more or less as we are doing to-day. Great Britain is an outstanding example of a country which at last realized that something was necessary. A royal commission was appointed, following which certain definite lines of reform were introduced; it is not necessary to go into that now. But if Great Britain found it necessary to make a thorough investigation and to reform the whole policy of dealing with prisoners, I think it is high time that we in Canada should follow suit.

I take it that in a general way crime is the result either of heredity or of bad environment. If it is a result of heredity perhaps the time has come that we must consider whether we should go on producing criminals, whether there should not be some effort made in the case of bad strains either to segregate or to sterilize those who may produce criminals—

Mr. BOUCHARD: To apply quotas.

Mr. WOODSWORTH: No. My hon. friend behind me is making light of the question. I say that anyone who has made any study of heredity knows that there are people who are subnormal and some proportion of whose descendants will be subnormal. In that case it seems to me a crime that we should permit those people to propagate. Either they should be sterilized or segregated so that they could not produce children. I am not discussing to-day which course should be taken. But we have in our prisons large numbers of people who, if I may use the phrase, are born criminals. It is high time to remedy that situation. When men are known to be criminal, incorrigible as the minister points out, it seems to me that these men ought not to be turned loose again in the community after a few years' sentence. It is not that I would make the punishment more severe, but I would provide more effectively for the protection of society. If they are really incorrigible they ought never to be released. They may be treated with kindness and fairness, but they should be kept always apart from other members of society and not allowed either to injure society or to reproduce their kind.

But I take it that the great majority of prisoners are criminals not because of bad heredity but because of certain bad influences and surroundings. There is no doubt that when we have a large volume of unemployment the curve of crime goes up. That indicates a close connection between unemployment and crime. It would seem to me that the thing for us to do is not to build bigger and better prisons but rather to study closely the conditions that produce crime. Then coming to the individual, I do not think the treatment for criminals should be the same in every case. I know of boys being sent to reformatories, without the superintendent in charge being given any indication at all by the judge as to the boy's background, but only the statement of the crime committed. In the case of one boy it might be a first offence, with another it might be the result of very bad environment, and with another almost a chance occurrence. The treatment should vary accordingly.

So I urge that we have a royal commission to study not merely the actual situation in Kingston penitentiary but also to put us in

the way of adopting more modern and humane and intelligent methods of dealing with criminals.

The minister the other day very definitely accepted responsibility for the recent punishment of a number of convicts. It seems that on the occasion of the visit of the Governor General to Kingston there was what the minister characterized as a noisy outbreak. As a result twenty-two men were awarded corporal punishment. Two of them, I think the minister said, were found to be medically unfit to sustain this punishment; the others got what is known as the paddle. I would submit that such severe punishment, if it is ever necessary, should be reserved for very serious crimes, and not be inflicted merely for breaches of prison discipline. I think if any of us were imprisoned and thus deprived of our liberty, and felt that there was a grievance—as these men felt there was a great grievance, and as it has been since acknowledged that there was a grievance,—we would take whatever means we had at our disposal to bring that grievance to the notice of the public. The fact that they beat some tin pans or did something of the sort when the Governor General was in Kingston was no very serious crime; it was merely a natural way of calling their grievances to the attention of the public, and I do submit that the very severe form of punishment known as paddling was altogether too drastic for such infringement of the prison regulations.

The minister told us that recently attempts were made to give the prisoners outdoor exercise. which developed into Sunday games to which the church goers took objection; they did not want to hear this noise on the Lord's day. It does occur to me, Mr. Chairman, that if people in the vicinity objected to the noise on the Lord's day the officers in charge very easily might have altered the time for these outdoor exercises or this recreation to some other day than Sunday. Most of the men are not working steadily; it is merely a matter of adjustment of the ordinary routine of prison life, and to one on the outside it would seem that it might be possible to give reasonable outdoor exercise on some other day than Sunday. To me that little incident seems typical of the regimentation we have there, the inelasticity of the discipline, and the unnecessary harshness of prison routine.

Now I come to the charges made by Major Nickle which, since I read his letter the other day, he has said that he is quite ready to substantiate. The other day I suggested to the minister that these were so serious in their character that it seemed to me that if any of them were untrue he ought to make a definite, categorical denial. Major Nickle says there is a form of punishment under which men have their hands raised about their heads; they are shackled to the bars, confined for seven or fourteen days and fed on bread and water.

Miss MACPHAIL: That has been abolished.

Mr. WOODSWORTH: I should like to know if that punishment has been abolished, as my hon. friend from Southeast Grey suggests; if it has been abolished, I should like to know when that was done. Was it abolished because of the protests of the prisoners? If it was considered right to abolish this form of punishment had not the protests of the prisoners real, substantial grounds, and why should we inflict upon them such severe punishment for protesting against what is now considered to be an altogether unjustifiable form of punishment?

I have already referred to paddling, and the minister has said that paddling is not administered now except by order of the department. I should like to ask him whether there are very definite criteria by which he judges whether or not this punishment should be inflicted, or whether the appeal to Ottawa is a perfunctory matter, as is so often the case in such affairs.

Further with regard to sanitary matters there is a very serious charge that people who have active syphilis bathe in the same tubs as other prisoners. I should like to ask definitely whether this situation has been altered and, if so, when. I cannot see that there ever could have been any reason for allowing a practice of this kind.

Further than that, have any real attempts been made at segregating youthful offenders? Some years ago some of us understood, when Collins Bay was being established, that it was for youthful offenders. Later I believe the minister denied that this was really the purpose, and stated that it was for certain preferred classes. The house will recall that a year or two ago attention had to be directed to the fact that apparently brokers were among the preferred classes, since they were placed at Collins Bay. I want to know whether, after all these years, during which royal commissions from time to time have made their reports and there have been protests in this house, there is any definite program before the minister with regard to segregating youthful offenders. Again Major Nickle says that of the total number of prisoners only some 125 are given a chance to learn a trade. Again

and again it has been stated that at least one of the purposes of the penitentiary was to enable the criminal to become a respectable citizen once more. I wonder whether it is possible for men who are confined for several years, some of them for a greater number of years, to become respectable citizens and hope to again enter the normal life of the country if they are given no chance whatever to learn a trade while in the penitentiary. I know perfectly well that there are some difficulties in the way. A few years ago some of us were waited upon by some of the penitentiary officials asking that something should be done through which greater facilities for work might be afforded. I know there are certain difficulties in the way, but I do not think they are insuperable. With all the work that might be done in this country it seems to me some arrangement might be made under which the majority of the prisoners could learn trades or engage in suitable work. It may be that nothing could be done with the hundred incorrigibles to whom the minister referred, but what about the other six or seven hundred prisoners, many of whom are young people, who to-day have no opportunity of fitting themselves for their future life outside the penitentiary walls?

Miss MACPHAIL: And that is just one penitentiary.

Mr. WOODSWORTH: Yes; I am glad that my hon. friend reminds me that I am speaking of only one penitentiary. There are somewhat similar conditions existing in other penitentiaries, though I think in some of the others more has been done in the way of providing outdoor work.

Then there is another specific charge with regard to one John O'Brien. It was stated that he had been in solitary confinement since 1931. I think the house is entitled to know whether he is still in solitary confinement and, if not, when he was released, and in any case why he was kept there during those years. It is a very serious matter especially, as I say, for men who have no means of getting their grievances before the general public.

Then we come to another question, that of political prisoners. The minister may say that we have no political prisoners in Canada, but I think that is a statement that can hardly be made good, because the seven communists who are in Kingston to-day, of whom I think two have been released recently because of poor health—

Mr. GUTHRIE: No, that is not so.

Mr. WOODSWORTH: I will leave the minister to explain the reason; I was giving him credit for kindheartedness.

Mr. GUTHRIE: Their health is good.

Mr. WOODSWORTH: In any case these communists are there because of their political beliefs. I am not going to deal with that clause of the criminal code under which they were arrested, except to say that under that clause a man need not be guilty of committing any overt crime. He need only belong to a party which advocates the use of force to bring about political change. These men were not convicted of any overt crime. They were not charged with an overt crime, but were charged simply with belonging to an association which in turn was affiliated with another association which believed in force as a means of bringing about political change. I quite recognize that in mentioning the communists I immediately lay myself open to the criticism of being in sympathy with them. I have stated again and again in this House of Commons, and I wish to state once more that I have no connection whatever with the communist party and no sympathy with the tactics they pursue. Further, let me point out that according to a report in the Toronto Daily Star of Monday, February 19, Mr. A. E. Smith stated at Massey Hall that representatives of the Cooperative Commonwealth Federation in the House of Commons were responsible for the charges of sedition against him, as they suggested to the Bennett government that by means of a charge of this nature they could dispose of their political enemies and not have to resort to section 98 of the criminal code. Needless to say, members of the Cooperative Commonwealth Federation in this house never gave any such advice to the Minister of Justice, nor have I ever held that in any sense of the word the Minister of Justice was responsible for the shooting at the cell of Tim Buck. I read the statement from the Toronto Daily Star simply to point out that hon. members in this corner of the house have been charged by the communists with bringing about the shooting. In this connection perhaps I should say Mr. Smith has stated he did not put it just that way. Very well; the fact is he never repudiated it. But whatever Mr. Smith actually did say, the communists have denounced us most bitterly. Notwithstanding that bitter denunciation I urge that prisoners should not be treated as apparently the communists in Kingston have been treated. Unless we agree with the kind of thing Hitler has been doing in Germany within the last few days, I would say that political prisoners have a right to

be protected, and that all people in Canada—Conservatives, Liberals and members in this corner—should try to retain the institutions of democracy and to resist the inroads of anything like a dictatorship. If we are convinced that we must pursue democratic principles I think we must ask for the protection of political prisoners. Further than that we may very well consider whether or not it is wise to continue to have on our statute books laws under which men may be convicted merely for holding certain political opinions which are not generally accepted.

One of these communists, namely Tim Buck, had shots fired into his cell. There are nearly nine hundred prisoners in the penitentiary. How is it that the cell selected for the shooting was one in which there was a communist? That does look as if they have been singled out for this peculiar kind of treatment. The other day the minister admitted that eleven shots were fired into Buck's cell. I submit that that incident has a very ugly look. I believe our papers right across the country have expressed themselves as being definitely opposed to that kind of treatment, and they have urged that the situation be cleaned up.

The other day the minister gave us the impression—certainly he gave me the impression—that the shooting took place at the time of the riot on October 17. I understand—and I should like the minister to correct me if I am wrong—that the shots were not fired until October 20. There is a discrepancy which ought to be cleared up. If the big riot took place on October 17, it is very strange that a man should be shot at by the guards three days later.

Mr. GUTHRIE: There was a much bigger riot on October 20.

Mr. WOODSWORTH: I shall be glad to hear about that. I thought there was a riot on the 17th.

Mr. GUTHRIE: That was the start of it.

Mr. WOODSWORTH: From what place were the shots fired? I am informed they were not fired from inside the penitentiary, but that they were fired from outside.

Mr. GUTHRIE: That is correct.

Mr. WOODSWORTH: I hope the minister will clear up that matter. If there is a range of cells three stories high and there is one particular cell in which a prisoner is being confined, and if somebody outside marks that cell, and it is shot at, then I say that is a pretty deliberate act. It is a deliberate act, and requires some explanation. What was the reason? The minister says the reason was to intimidate Tim Buck, and he states further that Tim Buck was exhorting the other prisoners to riot. I confess I am absolutely mystified by the contrast between the statement of the minister and the report of Judge Deroche, from which the hon. member for Southeast Grey read. In his judgment Judge Deroche said:

> The men (meaning the inmates) had for months and possibly years been asking for the removal of certain grievances which were in their minds, with little or no response.

Then he goes on to say:

> They now decided that on October 17, at three o'clock p.m. they would walk out of the shops and make a peaceful demonstration to impress the warden and through him Ottawa.

Then at page 7 he states:

> Then to go back to the cause of the riot. This peaceful demonstration which developed into a riot, was for the purpose of emphasizing the demands of the men for redress of certain grievances which had been long and repeatedly denied them. Many of the grievances for which this demonstration was staged have already been granted to the men, proving conclusively to my mind that those demands must have been reasonable.

We have now from the Minister of Justice an entirely different view being conveyed to the house. At page 7 of the judgment Judge Deroche, with regard to Tim Buck, states as follows:

> Buck told them—

That is the prisoners.

> —that the soldiers would not hurt them if they did no violence to person or injury to property.

Then again:

> When it was announced that the soldiers were coming, one of the men, Tim Buck, advised the men that the soldiers could not or would not hurt them so long as they did no damage to property or violence to anyone, and instructed the men to gather pails of water and barricade the door, expecting to stand siege.

It is a very curious thing if, as is stated by the judge, Tim Buck took that stand and made those statements, that his cell should be selected three days later as the one into which were to be poured eleven shots. I remember in our childhood days we used to read the tales of Fenimore Cooper, and we learned it was the practice of the Indians in the olden days to tie a captured enemy to a tree and to fire arrows at him, seeing who could come nearest his head without hitting him. It looks to me as if this practice has been translated into the more modern method of putting a man into a cell, caging him up and then firing at him. Surely human beings

are not animals. I do not think there is a single sportsman in this house who would undertake to shoot an animal by caging it up in a cell and then firing at it. There is something that needs explanation and I would ask the minister when he speaks to say very definitely who gave the order to fire. I do not think the minister himself did, but he is the responsible official, the head of the department, and it is possible for him to ascertain who gave the order. I think it is right that he should tell this house who gave the order to fire. If no such order was given I would ask, have the guards who fired those eleven shots been arrested and disciplined? Take the minister's own statement when he said that Tim Buck had been fired at. He said:

> Buck was one of those who were encouraging the disorder. At the door of his cell he was making speeches and encouraging the rioters, and for the purpose of frightening him, I suppose, or cowing him, certain guards fired into the ceiling of his cell.

I suppose that somebody knowing he was at the door of his cell must have given the order to fire, and they chased away around outside the walls and then from outside the walls they fired up at him. I do not know very much about criminal trials but that does not seem to me a very natural sort of procedure. I could understand a guard in desperation perhaps firing into a crowd, but why some of the guards should go away around outside the walls and fire eleven shots into a prisoner's cell is an absolute mystery to me. The minister said:

> At the door of his cell he was making speeches and encouraging the rioters, and for the purpose of frightening him, I suppose, or cowing him, certain guards fired into the ceiling of his cell. There can be no doubt that if any man had wanted to shoot Tim Buck he could have done so. The very fact that ten or eleven shots were fired and there was no harm to Tim Buck shows that they were not trying to hit him. He was there for anybody to shoot.

That is an astonishing statement for the minister to make, that a convict was in his cell for anybody to shoot.

Mr. GUTHRIE: If there had been any intention of doing so, and there was not.

Mr. WOODSWORTH: Well, I hope there was not, but the question still remains, who gave the order to fire? If the firing was done by the guards without orders, then I ask have those guards been disciplined? It would seem to me that when guards are sometimes dismissed for minor offences, or without reason given, it would surely be a reason for dismissal if guards in a responsible position should on their own responsibility fire into a cell. But if the orders to fire were given, I should like to know what official gave those orders and when it became the practice in our prisons to adopt this form of intimidation. It is bad enough to flog a man, but surely it is not, even in European prisons, a customary means of punishment that guards can go outside the prison walls and take pot shots at a cell in which a political prisoner is confined. The whole matter has a very ugly look, and I hope for the sake of his own department as well as for the credit of the institution and the man at the head of it, that the minister make a statement that will clear up this matter.

Before I sit down I once more want to appeal to the minister, and I wish the Prime Minister were in his seat so I might appeal to him, that on the grounds of humanity we should not longer delay having a very careful inquiry into the situation, and further than that, that the government appoint a board or commission of very able men, men of experience and humanitarian views, to inquire into the whole matter of prison reform.

Mr. ELLIOTT: Mr. Chairman, I want if I may to say just a word on this matter. Having had some considerable experience in connection with matters of this kind as crown attorney and prosecuting attorney for the county in which I live, I know something of both sides of this very difficult question. On the one hand crime must be put down in this country, and the people are entitled to protection against it. It is a very difficult matter to know when prosecuting criminals and dealing with them just when you can apply mild methods and when you must resort to the most rigorous methods possible. I happen to come from a section of the country where unfortunately most of the men who are in the penitentiary cannot say they are there because I defended them. On the contrary, I contributed when I was doing that kind of work to a good number going to these institutions. I do not know the man in question in this particular case, but I do want to say to the minister that I know something of his difficulties, and yet there is throughout the section of the country in which I live a very strong feeling that perhaps the possibilities of saving some of those who are not past saving are not being utilized to the best advantage in Kingston at the present time.

Mr. CANTLEY: How would you save them?

Mr. ELLIOTT: I would say to my hon. friend, because I know he is humane, that he is not anxious that the younger men particularly should lose all chance of again becoming good citizens. I am sure that no one in the house would regret that more than my hon. friend, and there are a good number of these young men who are sent to the penitentiary who I do not believe should be allowed to associate with the hardened criminals. I believe it is possible to reclaim them by giving them a chance again to become good citizens, and if we err I think we should err on that side. Just where to draw the line it is difficult to say. It is pretty hard to draw the line between being too lenient towards somebody who will afterwards turn out to be a murderer and those who will profit by the chance that is given them.

But I would say this to the minister in just the minute I intend to devote to the subject, that I do think that an investigation by a royal commission into this matter would do a great deal to clear the air and would be in the interests of everybody concerned, including the minister himself and those who are associated with him in the administration of that institution.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. BENNETT: Before we resume the work of the committee, I think that in fairness to those who are responsible for the conduct of government I should ask the house whether or not they believe it is possible to prorogue this house this afternoon. On the strength of last Monday's proceedings, by which we undertook to prorogue on Saturday, His Excellency made certain plans. He has intimated that any plans he makes must of course be subordinated to his duty with respect to prorogation; but the uncertainty that has now characterized our deliberations for so long should in some sense, it seems to me, be disposed of. I should like to know therefore whether in the opinion of the house it is possible to prorogue this afternoon; otherwise we will sit to-night at eight o'clock and presumably conclude by eleven, although I understand that one hon. member has said we cannot prorogue to-day. If that is in the mind of hon. members I should like to indicate to His Excellency that such is the opinion of the house.

Mr. MACKENZIE KING: The Prime Minister has asked a word from those who are responsible for the conduct of government; I rather hesitate to say anything in the circumstances. He is the one who has to do with that phase of affairs, but so far as we of the opposition are concerned I am not aware of any reason why the house should not prorogue this evening. I believe the ex-Minister of Agriculture wishes to speak when supply is taken up in connection with Trade and Commerce estimates, and I understand that there are two other hon. members to my right who have something in particular on which they wish to speak. Apart from that however I am not aware that it is the intention of any other hon. members to participate at any length in debate. There may be; I cannot say. I do think however that so far as we are concerned the purpose will be served by having the proceedings arranged for immediately after eight o'clock.

Mr. BENNETT: Could it not be done after six?

Mr. MACKENZIE KING: So far as we alone are concerned, I should hope it might be arranged for five.

Miss MACPHAIL: Inasmuch as I had something to do with prolonging the business of the house I am glad to say now that I do not want more than ten or fifteen minutes, and if the statement made by the Minister of Justice is satisfactory from my point of view I shall not need that much time.

Mr. WOODSWORTH: Since I have to share the responsibility for holding up the proceedings on Saturday night, I must say distinctly that we cannot at this stage give guarantees as to how long things will take. It is not that we want to prolong the business of the house unnecessarily. We were prevented for nearly an hour from going on this morning and I am not blaming anyone, but that is the way it turned out, and I think we should have a full statement from the minister.

Mr. BENNETT: The hon. member realizes that the penitentiary estimates were held up on four distinct occasions merely for the convenience of those opposite, and normally they would have been disposed of weeks ago. They were held up to meet the convenience of two members of the house on the opposite side.

Mr. WOODSWORTH: Not to meet my convenience.

Mr. BENNETT: You were not here when we were going on.

Mr. WOODSWORTH: It might have been brought on any time in the last two weeks but for some reason or other, in the judgment of the government, it was left until the last on Saturday night. A number of other contentious items were put before us and precluded the discussion of these estimates on that occasion, and I think we have a perfect right as members of the house, in view of the importance of the question, to ask that we be not limited as to the time which this discussion will take.

Mr. BENNETT: No one disputes that right at all; it is merely a question of endeavouring to carry out what was a general understanding. If it cannot be done it cannot be done.

Mr. MOTHERWELL: I was not anxious to stay here over Sunday nor am I anxious to stay a minute longer than necessary to complete what I conceive to be the business of the house from my point of view. I want to get home; I have not seen my home for nearly six months, and I have as much to go home to as the average person in the way of attachment to home. But take the question of the international wheat agreement that we discussed this morning. How could I go home without having discussed it? And take what I propose to discuss with the Minister of Trade and Commerce, the lost Chinese market; I do not see how I can forego saying something in that regard. This is the occasion on which we ventilate the grievances of subjects whom we represent and serve; it is a privilege handed down to us by the mother of parliaments, and if we do not avail ourselves of it we neglect our duty. With these qualifications, I will expedite prorogation as far as I can; but if it has to go to six or seven or eight o'clock then it is not my fault. Prorogation does not come first; the business of the country does. The facilities for prorogation are ready for the purpose and it is when we want them as a parliament that they should be used.

Mr. BENNETT: That is rather an unfair observation. I intimated that His Excellency would come at any time he was asked to come but I was making a suggestion in view of certain arrangements that had been made. No complaints were being made.

Mr. MOTHERWELL: I did not hear the beginning of the discussion and if I put a wrong construction on anything I am sorry. But I got the impression that the ministry wanted to crowd things, without discussion, as was done on Saturday night.

Mr. BENNETT: We can just as soon stay for a week.

Mr. MOTHERWELL: I do not mean any reflection on Their Excellencies. The responsibility is with the government to call them, not with them. The king can do no wrong, as is well known. It is the government we hold responsible and if they press us unduly they are wrong.

Mr. BENNETT: They are not.

Mr. MOTHERWELL: What is the use of talking about five o'clock or any other hour? Call His Excellency when we are through.

Mr. ELLIOTT: In answer to the Prime Minister, there is one item which seems to those of us who come from a certain district in Ontario to be of very great importance, and I assume that we can discuss it either under Agriculture, 293, 294 and 295, or Trade and Commerce, mail subsidies and steamship subventions, 316. There are a few members who I know desire to make representations to the government in this regard. I do not think they will be very long but they feel they must refer to the matter before the house closes.

Mr. GUTHRIE: Before entering into a discussion of penitentiary matters I want to correct one impression which I think was caused by my hon. friend from Southeast Grey (Miss Macphail) and also the hon. member for Winnipeg North Centre (Mr. Woodsworth), in the discussion Saturday night. The hon. member for Southeast Grey said:

> Unfortunately it always happens that the penitentiary estimates come up at the very close of the session. I have sat through this session and listened to a good deal of good talk and a good deal that might have been better left unsaid, and I intend to-night to take up as much time as I would two weeks before prorogation.

The penitentiary items were under discussion in this house in March and again in May for a short time, but my anxiety was to have these items discussed immediately after Easter, and on three occasions the hon. member for Battle River (Mr. Spencer) came and asked me to postpone them as a matter of convenience to the hon. member for Southeast Grey, the hon. member for Winnipeg North Centre and the hon. member for Kingston City (Mr. Ross) and I agreed to do so. That is the reason they have been delayed, not with the idea of limiting or of avoiding discussion, because I am in the happy frame of mind that I invite discussion in regard to penitentiary matters and these estimates to the fullest extent.

If I may be permitted, I shall try to deal with the various questions that have arisen in the discussion, in the order in which they have been brought up. I notice the hon. member for Kingston City is not in his seat but I have quite a distinct recollection of his remarks of a few days ago and also on Saturday night in regard to penitentiary management. Not only during the present session but on former occasions he has expressed a very deep interest in regard to what I might term the youthful prisoners who are to be found in the penitentiaries of Canada. He has made a considerable study of the penitentiary system, particularly with reference to youthful offenders, and he has some excellent ideas on the subject. But I have this to say with regard to statements which he has made in the house, that the instances which he has cited of boys of fifteen and the like, who have been sent to penitentiary and who have subsequently turned out very grave offenders and hardened criminals, do not pertain to present day conditions. I think the instance he cited of a boy of fifteen occurred some fifteen or twenty years ago and the description he gave of punishment cells in the prison where prisoners became insane and of the horrible conditions said to exist pertained, I believe, to a period between thirty and forty years ago; but the impression left upon some hon. members was to the effect that such conditions pertain to-day. I mention these matters only to clear up the present position because the hon. member for Kingston City did not make it clear that the conditions to which he referred do not pertain to-day.

In regard to youthful offenders confined in the penitentiaries I may say that under the law of this country, where a youth under sixteen years of age has committed an offence, he is sent to one of the reformatories or provincial institutions which are scattered throughout Canada. It is only when a youth has been a prisoner in these institutions and has proved to be incorrigible and beyond control that a trial judge or magistrate is entitled to sentence him to Kingston or some other penitentiary. Since I have been Minister of Justice there have been cases where youths under sixteen have been sentenced to penitentiary, but fortunately in the Penitentiary Act there is a clause which provides that on receipt of a youth under sixteen the minister may forthwith remove that youth to a provincial institution, and in all the penitentaries of Canada there is not to-day a single case of a youth under sixteen. Two cases have come up since I have been Minister of Justice and in both of them they were removed to provincial institutions.

[Mr. Guthrie.]

In regard to those between sixteen and eighteen years of age who have had no previous conviction, we have at the present moment two in St. Vincent de Paul, found guilty of armed robbery and sentenced by the judges of the courts of Quebec to seven years' imprisonment; we have two in British Columbia convicted and sentenced by the courts of the province to five years each, and we have one there convicted of the crime of perjury. That makes five. These lads have had no previous conviction and they are between sixteen and eighteen years of age. In Dorchester, New Brunswick, we have two convicted on charges of stealing and sentenced to two years. There is a special reason in the maritimes for the two-year sentence. Probably in Ontario or some of the other provinces the sentence would have been two years less one day, which would have allowed them to go to some of the provincial reformatories, but the maritime provinces are not well equipped with regard to reformatories. In Dorchester there is one between sixteen and eighteen years of age convicted of armed robbery, one convicted of manslaughter and sentenced to eight years, and one convicted of carnal knowledge of a child and sentenced to three years. That makes ten in all between sixteen and eighteen years of age throughout the Dominion of Canada. I find I have made a mistake; I did not give the proper total in regard to those under eighteen years of age because I find in St. Vincent de Paul there are nineteen under that age. The reason for that is that the provincial prisons in Quebec are not such as they are in Ontario and magistrates and judges sentence for the two year term in order to confine the prisoners in the penitentiaries rather than in the provincial gaols.

Between the ages of eighteen and twenty-one there is a total of 364 prisoners in Canada, as follows:

Penitentiary:	Number
Kingston	33
St. Vincent de Paul	141

Again no doubt owing to the fact that they have no provincial prisons such as there are in Ontario.

Penitentiary:	Number
Dorchester	50
Manitoba	38
British Columbia	34
Saskatchewan	21
Collin's Bay	18
Piers Island, Doukhobor prison	29

So that we have a total of 364 between eighteen and twenty-one years of age, forty-five between sixteen and eighteen and none under the age of sixteen in any penitentiary

in Canada. I am giving these figures for the information of the hon. member for Kingston City and for general information.

My hon. friend's next criticism or complaint was in respect to dismissals of officials from the staff of Kingston penitentiary. I admit there have been dismissals in the last few years from the staff of that institution and I am sorry to say that in a great number of cases those officials have been residents of Kingston, and many of those dismissals or retirements have not met with the approval of the hon. member for Kingston City. I can only assure him that any such action taken to change the staff of that institution has been taken without regard to friendship or politics or anything else, but solely with the object of improving the penitentiary staff. I am inclined to think, from what I know of the matter, that these changes were necessary and improvement has resulted. There has been only one dismissal of a senior officer: a shoemaker instructor who was not considered fit for the work allotted to him and who had not control of the men placed in his charge. There were seventeen officers of various standing retired to promote efficiency. That means that there may have been no positive wrong doing on their part; there may have been no culpable act. They may not have been found asleep on duty or trafficking with prisoners and the like, but they were not suited to the job. It is not a position that appeals to a great many people; it is a very difficult position. Seventeen were retired from the staff of that institution to promote efficiency. Two were retired on account of age, having reached the age of sixty-five. One was retired and marked unsuitable after one month's trial. That makes a total to May 31, 1933, of twenty-one.

During the year 1933-34 the following retirements took place in Kingston penitentiary:

Dismissals of guards for trafficking with prisoners	2	
Asleep on duty	1	
Neglect of duty	1	
Guard convicted of indictable offence	1	
		— 5
Retired during the same period to promote efficiency	2	
Retired on account of age	1	
Retired as unsuitable after trial	5	
Retired on account of reduction of staff	5	
		—13
		18

This makes a total for those two years of thirty-nine.

Of those dismissals two have been reemployed, making a net change of thirty-seven. In all these cases the retirements or dismissals have taken place after a very careful investigation. The investigation has been conducted by the warden and by the superintendent and the evidence has been submitted to me for my approval. I have not approved in every case, but I have in the great majority of cases on the evidence submitted. I have sought in every way to improve the penitentiary staff when changes have been caused by these retirements. If my hon. friend from Kingston City desires the fullest information it is available for him in my department at any time. I am not going to place before the house the names of these officers who have been retired or go into details in regard to any particular case unless requested so to do, but I wish to inform the hon. member for Kingston City that all the particulars and all the details are at his disposal if he desires to make himself familiar with them. I am aware that when a retirement or dismissal takes place the great majority of those concerned immediately go to the hon. member for Kingston City; he is a good-hearted man, he sympathizes with them, and he immediately communicates with Ottawa. The men likewise complain to me and lay their cases very fully before me. Then it becomes my duty to go over the cases and reconsider them. I have done the best I could; I have formed the best judgment I could, and I am prepared to stand by the conclusions to which I have come in each case.

Passing from that, the hon. member for Southeast Grey in her criticism of penitentiary matters on Saturday night dwelt to some extent on the case known as the Murray Kirkland case and on the evidence which was submitted when that case was tried before the criminal courts of Canada. It will be remembered by those in the house who have paid attention to such matters that when the riot took place in Kingston penitentiary on October 17, 1932, at a very critical and difficult time, the acting warden made an agreement with the rioters that if they were to desist and stop the riot he would refrain from punishing them under prison rules and would allow their cases to be heard before the criminal courts of the country. I do not know that the warden acted wisely when he made that arrangement, but he did make it, and on that arrangement being made and announced the rioters desisted for the time being. It was felt that that arrangement should be carried out, and subsequently in the spring of 1933, some twenty-nine or thirty of the rioters were tried at the county judge's criminal court at Kingston, and among others who were tried on that occasion was Murray

Kirkland. The name of Murray Kirkland has been raised in this debate not by me, but of course his name became prominently mentioned in the newspapers last spring during the trial. Ordinarily I am not supposed to give publicly the names of convicts and particulars in regard to them, but as this case has been made the centre of a great deal of criticism I am going to give some particulars in regard to it.

Murray Kirkland is looked upon as one of the dangerous inmates of Kingston penitentiary, where we have a large number of very dangerous men. He seems to have been connected with the banks as a bank clerk in his early life—he is yet a comparatively young man. On August 16, 1930, he committed an armed hold-up of the Bank of Montreal at King City near Toronto. Perhaps some hon. members may recall the circumstances; he and his gang locked the bank staff in the safe, obtained $916 from the teller's cage and made away with it. He committed bank robbery while armed at the Bank of Nova Scotia at Agincourt, near Toronto, on October 2, 1930. This time they operated by the same method and obtained $846 from the teller's cage. On November 6, 1930, he and his gang robbed the Canadian Bank of Commerce, getting in that case over $6,000 by armed robbery. He was tried for and convicted of these three charges and sentenced to eighteen years' imprisonment and fifteen lashes. Since he has been in the penitentiary he has received the lashes. These are not by the paddle; these are the lashes that are imposed by the court, a much more severe punishment than anything connected with the paddle that has been so much spoken of. Since his arrival in the penitentiary he has been considered, and justly so, a very dangerous criminal. He has been specially looked after to see that he does not commit any deprecation there in the way of attempting to escape, or an assault upon any of his fellow prisoners. This man was engaged in the riot in 1932. Notwithstanding the tender manner in which Judge Deroche spoke of him at his trial he was convicted and sentenced by him to an additional nine months at the conclusion of his present sentence, which is a long way off. He was one of the leading rioters. During his trial when he was charged with riot and destruction of property, his counsel, Mr. Nickle of Kingston, in mitigation of his conduct introduced the evidence of a number of convicts to show what they said was ill-treatment of prisoners in Kingston penitentiary. The evidence was in mitigation of the crime, not relating to whether or not the prisoner was guilty, but merely in order to mitigate the sentence. Prisoner after prisoner was summoned by Mr. Nickle and put in the witness box and these prisoners told the most horrible and lurid tales of ill-treatment. But Mr. Nickle in his letter to which I am going to refer said, "And this evidence went uncontradicted." That is young Mr. Nickle to whom I am referring, not Mr. W. F. Nickle. But I cannot understand a man of the standing at the bar of Mr. W. M. Nickle making such a statement when he was fully aware of the circumstances. There were present at the trial the warden, the deputy warden, the superintendent and the guards. They were excluded from the court and not allowed to hear the evidence. Then, at the conclusion of the case, the crown attorney who conducted the case for the crown said that as these were matters which did not relate to the guilt or innocence of the prisoner on this charge but were merely in mitigation of sentence, no evidence could be called in reply. That was why these extraordinary statements went uncontradicted. Mr. Nickle must have known that evidence in rebuttal could not have been given. If evidence could have been given in contradiction of these statements it would have been given at the time; all the officials and guards were there for the purpose of giving evidence, but they did not have the opportunity.

I think next I should deal with Mr. Nickle's letter. Mr. Nickle, I suppose, was rather disappointed that after all his efforts and after a prolonged trial he was unsuccessful in his defence; the man Kirkland was convicted, and rightly so. Mr. Nickle's next step was to write a letter to Reverend Canon Scott of Quebec. The letter was read by the hon. member for Winnipeg North Centre on June 25, as reported in Hansard commencing at page 4293. My hon. friend has challenged me to make a categorical denial of the statements contained in this letter, and I propose to do so. These are the statements of riotous prisoners, which were made in court and were not contradicted at the time by reason of the facts I have just stated.

The first statement in this letter is as to the existence of the "hole." That term has been used by prisoners in Kingston for many years, and refers to the punishment cells under the keepers' hall, which are nine in number. There is no hole as one would understand it from reading this letter, but there are well ventilated, airy cells which are used only for the purpose of punishment. If a prisoner gets beyond control and has been tried and awarded punishment he is put in one of these

cells, and if there is no other way of subduing him and keeping him quiet, an extra wooden door is placed over the steel door in order that he may not be permitted to disturb the rest of the prisoners. Murray Kirkland is not in the hole, and was not. The hole itself, or the so called hole constitutes the punishment cells. These cells have been examined by many competent and trustworthy people during the last twelve months, and I am going to state why this has been done.

The letter written by Mr. Nickle became public throughout Canada. Canon Scott preached a sermon on it a year ago. It was copied extensively in the newspapers, and in addition Mr. Nickle went to Toronto, appeared before the Social Service Council and laid his plea before them, repeating and elaborating the statements contained in his letter to Canon Scott so that the Social Service Council was made aware of all the allegations of Mr. Nickle. I mention that now; I will give my reasons for doing so a little later on.

The wooden door of which I speak has been closed I think only three times in six or eight months, and then only for ten, fifteen or twenty minutes at a time. It is only closed when the prisoner in the punishment cell is disturbing the rest of the prison by his shouts and noises. Let me tell you that in England they have the same system of extra doors; before I am through I am going to refer to the latest work upon English prisons. In the United States they have a more elaborate system, by which they can absolutely exclude both daylight and noise. In the cells at Kingston daylight is not excluded, but dim light is the result of the closing of the wooden door. I do not suppose you could read by it, but at other times one can read in these cells without difficulty. They are light, airy and well ventilated, but there is a bucket in these cells as they have no toilet arrangements. Neither are there any toilet arrangements in any of the best cells in the English prisons; the covered slop pail is adopted throughout all English prisons. In Kingston we have only these nine cells which, up to the present time, have not been equipped with the ordinary toilet requirements.

Now I should like to say a word in regard to the paddle. The paddle or leather strap is imposed as a last resort when prisoners become boisterous and unmanageable and defy the officers of the institution. We have a number of such prisoners. When they are sent to work they refuse to do so; any order given to them they resent, and in resenting it their language sometimes is beyond description. Such prisoners must be brought under discipline in some way, and the last resort is an application of the leather strap commonly called the paddle. When this question was last up, one of these straps was exhibited in this house by the hon. member for Kingston city. I noticed that it received great prominence throughout the country; photographs appeared in the Toronto Star, and other papers. This paddle is a leather strap, as hon. members of the house who were present on that occasion were able to see. This punishment can be inflicted only after the man has been tried and permitted to enter his full defence and after the evidence has been submitted to the superintendent in Ottawa and finally to myself; I have to read it. If I am satisfied that the infliction of this punishment is proper I confirm it. It frequently happens that the warden's court imposes a sentence of from fifteen to twenty straps, but these are seldom given. Three to five strokes, or at most ten, is about the usual application of the paddle. The medical officer must examine the prisoner before the punishment is administered and pronounce him fit.

There is nothing brutal about it. What the prisoners resent is the indignity of it; they will tell you so. I have made a careful inquiry of the officials who would know about these things in every penitentiary in Canada and never, in a single case, has the skin been broken, nor had any wound resulted or any blood flowed, notwithstanding the statements made by Mr. Nickle in his letter to Canon Scott, Mr. Nickle does not state anything of his own knowledge but merely gives the statements related by prisoners in the Kirkland trial, and which are absolutely untrue. You strap children at school. My mother used to strap me at home—yes, and in the same place as they strap the prisoners. But the prison officials are very careful in the administration of this punishment, and in order that there may be no injury inflicted the man is securely fastened to a frame so that the strap may be applied in the proper place without injury to the individual. There is a certain indignity about the process which prisoners do resent, but so far as the records of Canadian penitentiaries disclose there is no record of any injury, any skin broken or any blood flowing. The warden and medical officer must be present upon all such occasions. I give that statement in Mr. Nickle's letter a categorical denial.

Now let me take the next paragraph, in regard to disease:

Syphilitic inmates with running sores and other such patients are admitted to the hospital.

That is where they should go. Every inmate who comes to any of our prisons undergoes a very critical examination as soon as he enters the institution. He is carefully examined for all kinds of disease, and a record of his condition is carefully kept. In addition he has to undergo another indignity by being plunged in a very strong disinfectant bath, which I think many prisoners resent very much. A great many of them are not in very cleanly condition when they come in, and this treatment is absolutely necessary as a preliminary to their entering the institution. Then, if there is the slightest sign of any communicable disease they are isolated. Whether there is any sign of disease or not they are immediately tested in the way prescribed by science to see if they have any syphilitic affection. Every modern method is used, and a professor of Queen's university, who will be well known to the hon. member for Kingston, is among the men who have prescribed the method of treating and isolating these patients. Until a man is absolutely safe to mingle or communicate with others, until he is absolutely immune he is not allowed to communicate in any way with the other convicts. I am satisfied every precaution is taken, and that the system has worked well.

Miss MACPHAIL: At this point may I ask is it true that the dishes of other convicts in the hospital are washed in the bath tub in which all inmates of the hospital bathe.

Mr. GUTHRIE: No, that is a statement of Doctor Withrow and by a prisoner at the Kirkland trial. My information is that it is absolutely untrue. That is another categorical denial. I will state further that with a prison population from 2,800 to 4,500, over the last fifteen years, there has not been one single instance of communicated syphilis in the penitentiaries of Canada, not one. I think that is probably more than one can say for the factories, the schools and hotels in Canada, because they do not take the special precautions that are taken in the penitentiary.

The fourth point in Mr. Nickle's letter is about the boy prisoners. He states:

Two or three boys who were sent to penitentiary at the age of fifteen for three to seven years—

And so on. I do not know what he refers to, unless it is the case mentioned by the hon. member for Kingston. We have no boys of fifteen years in the penitentiary at the present time, and I do not think there have been for a long time—but there may have been. The paragraph goes on to state that these boys associate with lifers. If any boys are sentenced from those provinces where they have boys' reformatories they will be immediately returned to the provincial authorities.

Statement number five is to the effect that it was proved conclusively that there are only 125 men at work, out of a prison population of 900 inmates. Well, the reason for that was that up until the time of the trial we did not reestablish all the workshops; they were doing it by degrees. Subsequently they were all at work. In fairness I think Mr. Nickle should have said that while since the riot only 125 had been put to work in the shops up until the month of April 1933, the shops are now running full time, except in regard to the few prisoners who have been isolated. But apart from the shops there were those who were working on the farm, those who were cutting stone, those who were working on ordinary chores, and others working about the penitentiary—though, as a matter of fact, when the trial took place in Kingston I think approximately 125 would be about the correct number working in the shops. But the impression sought to be created by Mr. Nickle is that the other 875 had no work to do. I categorically deny that allegation.

Now I shall discuss the case of a man named O'Brien, which was also in the limelight and received a good deal of newspaper notoriety, again through the efforts of Mr. W. M. Nickle, who took the matter up with the Toronto Globe and the Toronto Star. In that way the matter was given greater prominence than otherwise it would have been given. The case has been brought up in a very pointed way owing to Mr. Nickle's letter in which he states:

There is an inmate by the name of John O'Brien who was suspected of conspiring to escape on the poor allegation of a letter sent by one inmate to a warden, implicating O'Brien. O'Brien has been in solitary confinement in the prison of isolation since August, 1931, and has never been charged or tried on the charge of conspiracy to escape.

O'Brien had on each side of him two raving inmates, one completely crazy and the other a drug addict. I subpoenaed the crazy man to try to show to the court what was going on, but the Department of Justice got rid of him three or four days before the trial.

I give a categorical denial to that statement. O'Brien claims to be an American citizen. He has a fairly long criminal record

in the United States and also a fairly long one in Canada. In the United States he is credited with two escapes from the penitentiary or prisons of that country, and he is looked upon as being a rather dangerous prisoner. I think that under all the circumstances careful watching is very justifiable. He was placed in the prison of isolation. That is not the keepers' hall; that is not a hole. The prison of isolation is composed of ninety-six cells which are the best cells in the prison. Probably they are the best cells on the continent of America, and they were favourably commented upon recently by a British prison commissioner. Ninety-six of those cells are segregated by themselves—larger cells, better light, fully equipped with running water, toilet arrangements and spring beds; but we keep prisoners there whom we consider dangerous. O'Brien was in the prison of isolation. There are six tiers to that prison, sixteen cells to a tier. He was in the lower tier, and at the time he was there I believe there was one occasion when there were only two or three other prisoners upon the same tier. But there is no such thing as solitary confinement in any penitentiary in Canada, and there has not been for at least thirty years. I do not know what there was in the last century.

Miss MACPHAIL: What did they mean when they used that term again and again? Had he so much time out of the cells for exercise?

Mr. GUTHRIE: Yes, every day.

Miss MACPHAIL: How long?

Mr. GUTHRIE: Forty minutes.

Miss MACPHAIL: Was he treated just the same as other prisoners?

Mr. GUTHRIE: Yes, just the same.

Miss MACPHAIL: Why should the warden make the statement—because it was he who said it—that it appeared the men were going out to liberate O'Brien who was in solitary confinement for a year?

Mr. GUTHRIE: The warden made a mistake in using this phrase. In the isolation prison there would be ninety-six others when the cells are all filled. Another prisoner stated during the Kingston trial—and the Globe and other papers made a tremendous fuss about it—that he had been in solitary confinement for twenty-three years. He had never been in solitary confinement one day. What the poor fellow did mean was that he had served twenty-three years of imprisonment, and that was about his record—although not altogether —in Canadian prisons. However he used the term "solitary confinement". "Solitary confinement" is a term that the prisoners use in regard to the prison of isolation, but there is nothing solitary about it.

Miss MACPHAIL: I am sorry to interrupt again, but does the minister mean it is not solitary inasmuch as there are other prisoners near them?

Mr. GUTHRIE: They mingle and they mix. But there are times when it is quite possible that in a corridor with sixteen cells there may be only one man. That is uncommon, if it ever happened, but it is possible that it might happen.

Miss MACPHAIL: I cannot understand why the warden would say that this man had been in solitary confinement for a year if the treatment he was getting was just the same as the other prisoners got who were locked in their cells from four or five o'clock in the afternoon.

Mr. GUTHRIE: This case was investigated by the United States authorities because the man in question made the claim he was in solitary confinement and had not been tried. I think when the United States authorities went into the matter they were quite satisfied with the prisoner's treatment. I have heard nothing to the contrary.

This man O'Brien was implicated soon after he came to Kingston penitentiary in some breach of prison rules. He was punished for a few days by being sent to the punishment cells. I think he was there three days. That would be pretty solitary because I do not suppose there was anybody there at the time but himself. After that he was liberated from the punishment cells and at the end of July in 1931 he was one of the leaders in a very serious attempt to break prison. I did describe something of this on a former occasion in the House of Commons but I am going to repeat part of it again to-day.

There were six or seven men engaged working in one of the machine shops, and they contrived in some way to manufacture weapons which they hid in various places in the machine shop. It was arranged that on a certain hour on a certain day, I think the second of August was to be the day, when the prison truck came to that shop they were to seize the truck, do what they would with the two men who were on the truck, and take the truck and drive it as forcibly as possible against the prison gates with the idea of effecting a prison escape. One of those implicated evidently lost heart in the venture and told the penitentiary officers as to what

was proposed. These men were immediately locked up, among them being O'Brien. A search was made according to the information which had been supplied by one of the confederates and the weapons were discovered. During the last debate on this subject in this house my hon. friend from Kingston City produced some more or less inoffensive looking implements and said, "This is all they found; these are merely little tools for scraping the machinery, and for that," he says, "they were punished."

Well, these men were tried. The former Superintendent Hughes and the former warden Ponsford were then in office, and after the trial these men were convicted and sentenced to the prison of isolation, which I have described. But the little innocent inoffensive weapons produced by my hon. friend from Kingston City—I do not know who handed them to him—are not the exhibits in the case at all. I have here the actual articles which were found secluded in the shop and which were filed as exhibits in the trial. I think this one has been made from a file. It is a very dangerous looking weapon.

Here is one which certainly has been made from a file. This was hidden behind some of the heating radiators.

This third exhibit, marked exhibit B, is a broken one. This was hidden under the floor.

Here is another dangerous weapon, made I think from a file, and marked exhibit D. This also was hidden behind the woodwork.

This one looks as if it were made from polished steel.

Of these weapons which I have shown to the house the longest and the most desperate looking one is from eighteen to twenty inches long, is sharp and pointed, and is made of good steel.

The next longest has a blade over ten inches long and is sharpened to a point. I think it was made from a steel file.

The next one is between ten and eleven inches long, and is a vicious looking weapon.

The small one is also made from a file and is sharpened at the point.

The last one I do not know so much about except that it looks like the article that was produced by my hon. friend from Kingston City. It may be some part of the machinery, but it has been sharpened at the point too. These are the actual exhibits in connection with the trial of these convicts. O'Brien was tried; he was convicted, and because he was looked on as a very dangerous prisoner he was placed in the prison of isolation and kept there until some time this spring. He is now freed from the prison of isolation. Perhaps he has learned his lesson; I hope he has. He is now engaged at the officers' mess in Kingston, and I think he has been placed in the ordinary cell block with the other convicts. He is one of those who were looked upon as dangerous, and he was certainly engaged in the effort to escape in August, 1931. He has to his credit two escapes from American penitentiaries; he is a long term prisoner. His sentence is for twenty years or for life, I am not sure which, but he requires very strict supervision. Such is my categorical statement in regard to the alleged ill treatment of O'Brien.

Next as to the silence rule.

Mr. WOODSWORTH: Just to clear up one point, do I understand that Major Nickle is incorrect when he says that O'Brien has never been charged with or tried on the charge of conspiracy?

Mr. GUTHRIE: Yes. I have a record of the trial before Superintendent Hughes and Warden Ponsford. O'Brien was found guilty of trying to escape.

Miss MACPHAIL: When?

Mr. GUTHRIE: August, 1931.

Miss MACPHAIL: I am not clear why it should be said he was in solitary confinement for two years or one year if the minister says there is no such thing.

Mr. GUTHRIE: I have described the confinement. I would like my hon. friend (Miss Macphail) to know that I have no reason for suggesting anything that did not happen. I want all the facts to come out and nothing will please me better than to have her visit the institution as she has on former occasions and see the actual cells and conditions. I make this further statement, that I would welcome a visit from the hon. member for Kingston City. I wish he would go through the institution with the most meticulous care, examine it from top to bottom, and hear stories and statements from prisoners, and I am satisfied that when he came away he would commend the institution. I would like my hon. friend from Southeast Grey to do the same thing.

Miss MACPHAIL: If it is as it was when I last visited the institution, the authorities will be very careful to see that no person makes a statement. They were not at that time even allowed to glance at visitors, much less to speak to them, except by permission of the warden.

Mr. GUTHRIE: That is the rule, and I will waive it in favour of my hon. friend for

Southeast Grey or any hon. member of this house. Members of this house are statutory visitors. They have the right to go there and the right to see everything and to speak to everybody. That is what a statutory visitor is for. So has a grand jury that right, and so has a judge. If any one desires to examine these institutions either at Kingston or any other part of this dominion I will give them the greatest freedom to do so, they may investigate to their heart's content, and all I ask them to give is an unbiased and unprejudiced account of what they do see, having regard to the fact that these institutions are not hotels or boarding-houses but penitentiaries.

Miss MACPHAIL: Does the minister wonder that it is confusing to the people of this country when the warden says that a man was in solitary confinement for a year and then the minister stands up and says there was no such thing? I want to ask this further question. In the case of O'Brien—I notice the minister takes great trouble to tell the committee how terrible these prisoners are, and I am not defending them, because I know a great many are vicious; on Saturday I placed the percentage of the total prison population as twenty per cent—I am not arguing for O'Brien or Kirkland or anybody, but was O'Brien put in for the two years in solitary confinement other than the forty minutes a day, or was he allowed the same liberty as any other prisoner? Just what does solitary confinement mean?

Mr. GUTHRIE: No. I believe he only got his daily exercise. Then he was offered work in his cell and he refused to do it. Subsequently I believe he asked for work in his cell and got it. His case I may say has been fully reported to the American prison authorities on O'Brien's representations that he was being discriminated against as an American citizen, and I think the American authorities are quite satisfied with regard to the matter. So far as I am aware, they are.

The next matter in the letter of Mr. Nickle is in regard to silence.

> Prior to October 17 there was a silent rule for convicts which read as follows:
> Every convict shall observe silence and shall not hold communication with another convict.

Mr. Nickle knew full well when he wrote that letter that the rule had been abrogated for a year or almost two years. It so happens that General Ormond, superintendent of penitentiaries, took office on the 1st of August 1932, and his first visit to Kingston was made on September 8, 1932. When he came back from Kingston he had a discussion with me. He said he was going to visit other penitentiaries, but that there were certain recommendations which he had decided to make in regard to these institutions, and one of those he mentioned was the rule with respect to silence. Another one was in regard to cigarette papers and another in regard to exercise. Prior to General Ormond's appointment the exercise period was only ten minutes and it consisted in walking around a yard, a sort of military march. He said that method did not appeal to him, it was not a proper exercise, and he recommended a change. I think that would be probably the 10th or 11th of September, six weeks before any riot took place. I said, "Had you not better consult other wardens before we change the regulations?" He replied that he would, particularly in regard to cigarette smoking. Unfortunately or fortunately the disturbance took place on October 17th, before there was any change in the regulation, but the regulation was changed on December 31, 1932, and the silence rule was abolished. It had been the rule of all Canadian penitentiaries for forty years and until recently was the rule in English penitentiaries—I think it is still the rule in Dartmoor—and it is also the rule in many penitentiaries in the United States. In the penitentiaries in Canada the silence rule was abolished on 31st December, 1931, and Mr. Nickle should have known that when he wrote the letter to Canon Scott:

> Let me say here, while it occurs to me, that the inmates were only given twenty minutes exercise a day, walking in a circle round the bull ring.

I thought it was ten minutes only of exercise that they were allowed before General Ormond took over as superintendent of the penitentiaries. Now it is forty minutes, and in Great Britain an hour. The kind of exercise is a matter on which there is some discussion and difference of opinion among prisoners. The exercise which has been prescribed by General Ormond for all penitentiaries in Canada consists for the most part of those exercises which you see in collegiate institutes and colleges, the Royal Military College and various places of that kind—rhythmic movement all under an instructor in the open air, and then a certain amount of walking exercise. Previously it had been merely walking exercise, but in Kingston unfortunately this additional exercise has developed into a kind of sporting contest which is not permitted under the present regulations. Instead of the regular exercise prescribed, baseball and the like has developed to a fairly alarming extent. Baseball has now

been stopped and the Kingston prison is now run under the regulation with regard to forty minutes' exercise.

Is it necessary for me to deal with anything else in Mr. Nickle's letter to Canon Scott? I have tried to give a categorical denial to every important statement in it. As I pointed out, the statements are founded not on the experience or knowledge of Mr. Nickle himself, but solely upon the lurid statements of prisoners. Before I discuss that point further, however, there is one thing I missed. There is a paragraph in the letter in regard to shackling of prisoners to the bars; Mr. Nickle says that men have been shackled with their hands above their heads and left for hours until they were exhausted. That is untrue and I give a categorical denial to that statement. For two years there has been no shackling. O'Brien may have been shackled two years ago—I am not sure—and I had better not make too broad a statement. It is, however, two years since there has been shackling to the bars in Canadian penitentiaries—that system has been abolished under the present superintendent. Again I say that Mr. Nickle in these statements is not speaking of his own knowledge, but he has accepted at one hundred per cent these terrible exaggerations and misstatements made by prisoners when trying to justify the riot in 1932, in order to mitigate sentence. It was upon such evidence, given before a judge of the county court, upon which Canon Scott addressed the people of Canada in his sermons. These were the statements which were also laid before the Social Service Council in Toronto, before the Prisoners' Welfare Society in Montreal and before the John Howard Society in British Columbia, all prisoners' welfare associations. These are the statements which disturbed them and caused them to come to Ottawa last August or September to see the Prime Minister and myself and to ask for the appointment of a royal commission, and we gave a categorical denial to these statements at the time of the interview. The Prime Minister also suggested that they immediately send deputations to visit the penitentiaries and be convinced by what they saw. These societies appointed their own committees and visited every penitentiary in Canada. They were accorded the fullest liberty and exercised their rights to the fullest. They discussed matters with prisoners and with officials as well as with outsiders and have made a report generally recommending the system and the administration of Canadian penitentiaries.

Miss MACPHAIL: I have a copy of the report—

Mr. GUTHRIE: Let me finish, please.

Miss MACPHAIL: —and I challenge the statement—

Mr. GUTHRIE: My hon. friend must not butt in until I finish. They did make certain specific recommendations and we are endeavouring as rapidly as possible to carry them out. One of the most prominent of these recommendations is in regard to the question of segregation. We have advanced in that respect in the last year and a half not only perceptibly but very satisfactorily. In each penitentiary there is a segregation board consisting of the warden, the deputy warden, two chaplains, the medical officer, the school masters and the trade instructors in the various trades. They periodically sit as a board and examine each individual prisoner and pass upon him as to his fitness to learn a trade, to carry on work that he has been put to, and as to his adaptability. They examine into his criminal record, antecedents and the like, with the idea of putting him eventually among the class which will most benefit him and at the same time of keeping what you may call the dangerous ones, the old offenders, the hardened criminals, as far as possible to themselves. That system has been in force in all the penitentiaries of Canada for some time now, except Kingston. I am sorry to say that the warden at Kingston, perhaps through pressure of other work in the difficult situation in which he was placed, had not time to institute that system in Kingston as it was instituted in other penitentiaries, but since the fifteenth of June the system has been placed in full operation in Kingston penitentiary. I think this is the system recommended by the Social Service Council and other societies so far as we have been able to carry it out up to the present time. I am aware that the superintendent himself has recommended very definitely that a psychiatrist, also a psychologist, should be attached to the staff of each penitentiary. We have competent doctors there now and I believe they are highly qualified men. The physician at Kingston has been there a long time; he is not an appointee of mine in any sense, but I believe he is performing his duty. He is not, however, what is technically known as a psychiatrist. When any mental case is under consideration it is necessary to send out and secure the opinion of some alienist who is not on the prison staff at the present time. But it has been pointed out by writers on penology in this country, the United States and Great Britain, that it is almost essential

to have a psychiatrist connected with prisons for properly estimating the possibilities or the adaptability of the convict. We have no psychiatrists at present but it is quite possible that in the near future we will have them at the larger penitentiaries.

Another question that is very pressing is that of the segregation of the youthful prisoners. We have not as yet any system for youthful segregation nor so far as I am aware have they in any other country unless it be England. One cannot make a very fair comparison between the prison system in England and that of Canada. The best and most recent book on the English prison system is by one of the prison commissioners, Mr. L. W. Fox, a book published a few months ago and to be found in the library here. It brings the regulations up to date and explains the system concisely. But in England there is only one governing power. The British government or the Home Secretary has authority throughout the whole United Kingdom over all their prisons; in Canada we have a different system and the only prisons under the jurisdiction of the federal government are the penitentiaries. All the gaols, all the refuges, all the reformatories and all the provincial prisons are under the control of provincial authorities and the federal government has nothing to do with them. In England, where there is a single control, they are able to allocate their prisons to certain classes of prisoners, something which this department has no power to do, and they are allocating certain prisons for certain classes of prisoners. Of course in England they have a very large number of prisons at their disposal and they have instituted and are carrying out what is known as the Borstal system, a system which it is hoped will have the effect in many cases of reclaiming youthful offenders before they go too far in their careers of crime. The Borstal system applies in the first instance to those who are under twenty-four and afterwards there is a special period of application for those who are from twenty-four to twenty-eight. I believe from all I have read that the Borstal system has produced good results. We have, however, no experience in the dominion field in our penitentiaries of instituting a system of that kind. The youths and the young men do not and should not go to our penitentiaries. But it so happens that among our young offenders under twenty-one there are some very violent criminals with long criminal records and it is a very serious question whether they should be placed with other youths who may be in for a first offence. I doubt very much whether to do so would have a good effect on first offenders. You cannot classify them very well by age. It is a problem that should be and is being studied by many people, but the chief work to be done in that respect is not in the penitentiaries but in the provincial prisons and common gaols. Some of the provinces have as yet no reformatories as we have them in Ontario. In some of the provinces the common gaols are very strongly condemned by those who have had reason to visit them. On the other hand let me say this; a comparison between the treatment of prisoners in Canada and in England so far as humanity goes, so far as lenient treatment goes, is entirely favourable to this country.

Perhaps just at this moment I might refer to one other matter, and that is a letter which has been circulated throughout the House of Commons by Mr. A. E. Smith, Secretary of the Canadian Labour Defence League. I always refer to this organization as the Communist league. It was the Communist league until the trial of the seven offenders took place, until the convictions were made against them a couple of years ago. Then, at the instigation or at the instance of A. E. Smith the name of the organization was changed and the same band of people now carry on under the name of the Canadian Labour Defence League, but the man who has instigated most of the unrest in Canada in regard to penitentiary matters is A. E. Smith. The hon. member for Southeast Grey said the other night: How is it that there were disturbances in penitentiaries before there were any communist activities in Canada? The history of the world has shown that there are periodical disturbances in penitentiaries and prisons where there were no communists at all. We have had prison riots in Canada as far back as fifty years ago, very serious ones where the troops were called out, where firing took place, where the warden and deputy warden were murdered as in St. Vincent de Paul. We have had them at Kingston and at other points. There have been innumerable serious revolts in the United States with great loss of life not due to the communists' activities at all and they have had them in England as the late insurrections at Dartmoor show. Riots must be expected in all penal institutions and one must be prepared for them with a special staff of guards and appliances to restrain them. But it is strange that ever since the seven communists were imprisoned in Kingston, the agitation has gone on; it started within two months after their incarceration. The first was the complaint about not supplying cigarette papers.

That was reported to me by an ex-prisoner who told me that in the spring of that year there was very much dissatisfaction because they were not allowed to get cigarette papers. That dissatisfaction grew and culminated in the riot of October, 1922, but throughout the whole criticism has been in regard to Kingston. All the seven penitentiaries are run on the same principle, the same rules, the same regulations, but the criticism has all centred on Kingston where the seven communists are confined.

Miss MACPHAIL: What about St. Vincent de Paul? There are several communists there.

Mr. GUTHRIE: I am talking about communist activities.

Miss MACPHAIL: But there are communists at St. Vincent de Paul.

Mr. GUTHRIE: But the criticism has centred on Kingston. During all the discussion this session there has not been any mention of any other Canadian penitentiary than Kingston. All the letters that have been sent out; the fifty thousand odd messages I have received in the way of telegrams, letters, postal cards, insulting advertising in regard to myself, are all in regard to Kingston penitentiary and no other penitentiary in Canada is ever mentioned. All the agitation in the newspapers points to Kingston. I say to the hon. member for Southeast Grey: I give her the reason. It is on account of the communist prisoners who started some activities in Kingston but whose efforts have been from time to time aided by those of Smith and his so-called Canadian Labour Defence League. They are the chief agitators. He is the man who has sent this unfounded, lying document to members of the House of Commons. This document is dated June 18. I am not going to read it all. He says that 459,000 people have petitioned me; I would have said a couple of million, but he has got it down to 459,000. And he says:

To-day the condition of the seven is worse than ever.

That is a lie, that is the only word to use.

The Behan death has never been properly explained, and from authentic sources come stories that this was one of the cruelest since the Ormond regime of episodes that occurred there. But evidently this is not enough. For the last two weeks Ormond has been "reorganizing" things. Part of this reorganization has been to fling the seven communists again into the "hole."

That is an absolute lie. They are not in the hole and they never have been. The cells under the keeper's room is what he refers to as the hole. The communists are not there and never have been there. He says:

Into the "hole," the prison of isolation,—

That is better.

—where they were kept five days locked up,—

That is not true.

—and where they are now sleeping on punishment beds,—

That is an absolute lie. I made special inquiry; they have steel spring beds and two mattresses on top of that, and also both summer and winter bedding. If Smith went to England he would find that in all English prisons the prisoners sleep on plank beds. We give them a proper spring bed and two mattresses on top of that, and that is what all these communists have. Smith has not been in the institution. This may have been reported to him, but this is just another of his reckless statements which constitutes a lie.

—and in the daytime doing heavy work in the coal and wood yard.

They have been working on the docks at the lightest work in the penitentiary, and are there at their own request. They wanted outside work; they asked for it and they got it. To all appearances they are happy and contented.

The cruelties have played havoc with the health of Tim Buck and his associates.

I have had their health watched very carefully, and they are all in excellent health. True, I will grant you there has been a great deal of worry and fretting; there must be, because I do not think penitentiary confinement is conducive to health and strength and vigour of body and mind, but that is part of the punishment. But as far as medical men can judge their health is excellent. Two of them were liberated last week by my hon. friend the Solicitor General (Mr. Dupre) who sees to that branch of the Department of Justice. They were treated just as the brokers were treated. They were liberated because on June 29, they had served half their time, and they were liberated on that date, on ticket of leave, which enables them to serve the remainder of their sentence outside of prison walls. If they comply with the conditions which are endorsed on the ticket of leave they will never be called upon to serve the remainder of the sentence. And when the other communist prisoners have served half their time they will be treated in precisely the same manner, without any variation. But there is a proviso which goes with this state-

ment; I stated it in the house on a former occasion. Provided that they are first effenders, that their prison conduct has been good, and that the crime was not one of violence or of assault on women, they will be given favourable consideration when half their time is served. I cannot speak as to the recent conduct of any of the five communists who are still there because I have not looked into it lately, but if they can meet that test the rest of them will be liberated when half their time is served.

Let me go on with this letter from Smith. The two men who were liberated last week were not liberated on account of ill health. Oh, they complain their health was bad. In one instance we allowed the man's own doctor to visit him; he gave me a certificate, as well as one I suppose to the prisoner's wife, and there was nothing to alarm me in that certificate; I could find no cause for releasing him on the ground of ill health. Representations were made in regard to another of them by an hon. member who is not here to-day. I could not find anything more than occurs to any person in an institution of that kind, but they were liberated because their conduct had been good, because they were first offenders and had served half their time. The letter continues:

Sam Carr is seriously ill.

That is not true. He was liberated last week.

But sick parole is denied him.

That also is untrue.

Popovich has been in the hospital some time.

Each of the prisoners has been in hospital, and under the statute hospital time is not computed in the days the prisoners are allowed for good conduct; however I waived Popovich's hospital time in this case and did not count it against him.

Tom Hill suffers from arthritis;

Not seriously; he seems happy.

Bruce is almost completely crippled with a broken back.

I believe he had some trouble with his back, and in this case I gave him a special hospital bed, as good as any you will find in the Ottawa hospital.

Tom Ewen complains of very bad headaches—

I fancy he may have had headaches; a good many of us have. But this letter would lead one to believe that we are keeping these men in there to their death, that although they were almost ready to go we would not hear the prayers of themselves or their wives for release before death was upon them.

That is the kind of letter that has been circulated by this man Smith throughout Canada. Based on that, petitions come to me, telegrams come to me; I got two to-day. Three hundred Ukrainians from Calgary sent me one, and a number of people from northern Ontario the other; I do not know what their nationality is. All there is in the petitions is a demand that at once I release the seven communists; they do not even know that two are out now. Well, they will be treated just as were the others.

One other matter mentioned particularly by the hon. member for Winnipeg North Centre, is that in regard to the shooting of Tim Buck. I made a statement on this in the house earlier in the session, and at that time I think perhaps I made a misstatement because I said that ten or eleven shots had been fired into his cell, into the celling. The truth is that there was a rifle shot and a pistol bullet fired there, and a shotgun containing buckshot; and the total number of bullets which made marks in the cell was eleven. I believe the evidence discloses that there were three shots. Tim Buck has made a statement, and I do not think he takes any exception to that in his statement. He was on the fourth tier in the prison, so that he would be about thirty-five to forty feet above the ground. The cells are arranged in tiers, back to back, and in front of each cell is a steel door or barrier, and in front of that again across a narrow corridor is a window. During the riot which took place on the twenty-second of the month—not the first riot; we shall call it the second—towards evening when it was growing dusk, about one hundred and fifty or one hundred and sixty convicts were not then in the cells—indeed we did not have cells for them and they were sleeping in dormitories. They congregated below the cell block, ripped up heavy planks from some building and started knocking off the locks of some of the cells with them. They had liberated quite a large number of prisoners. Buck was above this. He would come to his cell door and incite the prisoners to continue the riot "and get their rights." The guards had been armed with rifles and pistols for the purpose of meeting any emergency and suppressing it. The guards being on the ground, forty-five or fifty feet down, looking up could see Buck only when he came and shouted from his cell door. Shots were fired for the purpose of frightening him or stopping him, or, as I said when I was speaking on the matter before, cowing him—not with the idea of injuring him. As I said on a previous occasion, if anyone had wanted to shoot Tim Buck or to injure him it would not have

been a difficult thing to do. The best evidence that no one was shooting at him is that he was not injured, by the shots which were fired. After three shots were fired Buck quieted down; he did no more. Buck has given evidence in regard to this matter at an investigation in the prison. It was not sworn evidence, but it was made on solemn affirmation, because he did not desire to take an oath. He was asked if he could identify the officers who did the shooting, but he stated that he could not identify anyone. Then he was asked:

Q. In your opinion, was there provocation for shooting into D block?

A. Absolutely no provocation.

Q. Have you at any time asked for an investigation into this shooting?

A. No, I have not demanded an investigation, mainly because I consider the shooting to be a result of the general attitude adopted by the administration during that afternoon and evening, rather than an isolated incident aimed solely at myself.

That is a very candid statement, and it is signed with the initials T. B. I think that is true. They did try to quell him and to quell the riots at the same time. Buck was inciting the crowd; he was calling on them to continue. His activities were stopped by the shots I have mentioned. I will say for Buck that he is man enough to admit that the facts as I have stated them are substantially correct. I do not know who ordered the shooting. The first riot broke out on October 17. An agreement was come to whereby a trial before the civil courts was promised, and the men went back to their cells. The second riot occurred on October 20. The acting warden of the penitentiary was Gilbert Smith, a man of large penitentiary experience, who had acted as warden at a great many penitentiaries during the last twenty years. The deputy warden was named Walsh. These two officers were in control of the penitentiary. General Ormond, the superintendent, was not at Ottawa at the time; I telegraphed for him and sent him on to Kingston as quickly as possible, and he arrived there on the twentieth. He began an investigation; he asked the convicts to state their complaints if they had any. They refused to do so unless they could come as a delegation—I think they called it a soviet delegation—and make a plea in regard to this shop or that shop or the other shop, stating their grievances, and they wanted the investigation to take place in the chapel. The superintendent said, "No, I will not hear any committees. I will hear any prisoner who desires to make a complaint." As soon as that decision was reported back to the men the second riot started. The prison was still in control of the warden and the deputy warden. The deputy warden was the man who instructed the guards to arm. I think it was proper to do so under the circumstances. Arms are there for the guards for just such occurrences; otherwise we would have no way of controlling the situation. The deputy warden gave evidence at the inquiry which was held; he was asked:

Q. Are there any revolvers kept in the keepers' hall?

A. No, sir.

Q. What position did you take up and what action did you take up yourself?

A. When I went into the dome and the levers were broken—

That was by the planks I mentioned.

—some had broken their toilets and water was running over the galleries. I stayed down there and as none of them came to the floor barriers up on the other barriers, I felt that they were as good as we could get them.

Q. Were you satisfied that they were under control?

A. Yes, sir.

Q. Did the officers receive arms before you left the dome?

A. I remember sending up for shotguns, sir, and they came through the dome, and just in the excitement I don't know how they were handed out.

There is no doubt that there was a good deal of excitement.

Q. What did you do after that?

A. After that the militia came in, and I just simply went around the galleries and kept a lookout.

Q. Did you go inside the barriers?

A. No sir, I went into the ducts.

There is no evidence at all that the militia fired any shots.

Q. How long did you remain in the dome after the militia arrived?

A. I stayed in the dome until it got dark. I don't know just how long that would be.

Q. In your belief did the militia save the situation?

A. Yes, I would say yes.

Q. After dark where did you take up duty?

A. After dark when the lights went on somebody reported that they were breaking through their cells on third F. You could see it from the yard through having the lights inside. I went out then. I saw two men in a cell from the yard ... digging through the walls towards the end of third F range towards the chapel.

Q. Did you believe these men could dig out of the cell block?

A. I didn't think they could get into the chapel because it is a thick wall ... but I wasn't sure they couldn't get into the duct. I went in the duct and put an officer in there.

Q. From the outside what action did you take?

A. I sent some officers up in the chapel in direct line where they were digging through the wall.

Q. Did you order any firing in the penitentiary?
A. No, sir.
Q. Did you carry firearms that evening?
A. Yes sir, a shotgun.
Q. Did you fire any shots yourself?
A. Yes, sir.
Q. How many?
A. At least two, sir.
Q. What did you shoot at?
A. I shot at the wall to scare those two fellows who were digging towards the chapel.
Q. How many guards were around the outside of the cell blocks?
A. There were groups of them all the way round.
Q. Did you take command of them?
A. I visited them.
Q. Did you place them in position?
A. I did, sir ... that is around the corners.
Q. What instructions did you give them?
A. After the incident I had reference to ... after that that there was no more shooting I know of. I told them not to do any more shooting.
Q. You were of the opinion further shooting was unnecessary?
A. I didn't think it was necessary after that. There seemed to be a lull.

While there is no statement that the deputy warden actually ordered the guards to fire, from what I know of the inquiry I conclude that he, as deputy warden, was the officer who would be entitled to do so if the warden was not on the scene at the moment. The statement has been made that General Ormond ordered the firing. General Ormond did not take control of that penitentiary until the twenty-second, two days later; he was there because I sent him there, but the warden was in control of the institution until the twenty-second. On the twenty-second when it became apparent that acting warden Smith was giving way or had lost his nerve after the trials through which he had gone during the previous forty-eight hours, it became clear that he was not the man for the job. He was sent away for a rest and after that, on my instructions, the superintendent took charge of that penitentiary. That was after the riot was over, and an inquiry was held which lasted for approximately two months. Nine hundred prisoners were examined; they stated their complaints, which were taken down, and I have read them all.

Many of the complaints made by prisoners would appear trivial to many of us, but they mean much to these men. Of complaints then made there are very few which have not been remedied. The chief complaint was about cigarette papers and cigarette smoking; that was granted. Another complaint was in regard to the silence rule; that was granted. The question of hair cutting, the close cropped head, was also dealt with. Open air exercise was dealt with; permission to have certain toilet articles was granted. Altogether thirty-eight requests were granted and I think probably about twenty-five requests were not granted. Some of the prisoners insisted on theatres, radios, football and baseball matches and the like. The vast majority of the men, however, emphasized those matters to which I have referred, and the great majority of the complaints were in regard to cigarette paper. The officers and staff were all examined with the idea of seeing what, if anything, was defective in the system, and after the most thorough investigation it was decided to relieve certain officers on the staff from duty. That was only done after careful examination. I think the only complaints I have had in regard to the retirement of officers were from my hon. friend from Kingston City and from the men themselves, so I need not go further than I have already gone this afternoon in stating that all the papers and documents are available to the hon. member for Kingston City if he desires to examine them.

There is one further point about which I should like to speak. I have been asked specically by the hon. members for Winnipeg North Centre and Kingston why Warden Meglough-lin was recently removed. I have no hesitation in giving the reason, and my statement will be somewhat similar to the statement I made in the house on a former occasion. Apparently the warden did not carry out the definite instructions given to wardens in regard to penitentiary regulations. I mentioned some of them. He did not institute the course of exercises laid down in the regulations, but permitted a certain looseness which developed into noisy baseball games and demonstrations which are not permissible under penitentiary regulations. Such sports are permitted in Sing Sing penitentiary in New York, and one of the demands made by some prisoners in Kingston is that that they be granted all the privileges granted in Sing Sing. Another point was in regard to smoking. Very definite regulations have been passed that smoking must not be permitted in any building where there is inflammable material. That regulation I am afraid the warden disregarded, and two fires ensued. Whether such fires were caused by smoking or by some other means I am not prepared to say; we have not yet been able to ascertain that fact. There were a number of other regulations which at the moment I cannot recall, but action was taken because of the warden's failure to put regulations into force. They are in force in the other Canadian penitentiaries. I admit that Warden

Megloughlin had a very very difficult task during his eighteen months at Kingston. It may be that on account of the peculiar situation there he used his own discretion, and thought it well not to put certain regulations into force. He did not institute a system of segregation such as I have described and such as was instituted in all the other penitentiaries in Canada. Perhaps he was not able to do so on account of the situation. He did not institute the training of staff officers and guards, as was ordered two years ago, and as has been carried on for at least eighteen months in all other Canadian penitentiaries. There were a number of regulations of that kind which were not put in force at Kingston, with the result that disorder broke out again. I described these disorders when I last spoke to the house concerning this matter, and I believe I need not repeat my observations.

I do not know that I can condemn Warden Megloughlin on account of his experience as warden in Kingston penitentiary. He had a most difficult time, but he did not bring the results which we anticipated. After a pretty full and careful inquiry I came to the conclusion that I would have to make a change. When I intimated my decision to the warden he told me after he had time to consider it he would prefer to resign. I accepted his resignation.

Unless some hon. member wishes to ask a question, that is all I have to say on the subject at the present time.

Miss MACPHAIL: Mr. Chairman, I shall be through in the fifteen minutes I said I would take. I think anybody who has followed penitentiary conditions in Canada during the last three or four years must know that a great many if not all of the changes which have been made in penitentiary administration have come as a result of the uprisings or riots, or whatever they may be termed. I think at one point in his speech the Minister of Justice (Mr. Guthrie) said that the silence rule had been lifted some time previous to the riots, and then later, a few minutes ago, he said that it was—

Mr. GUTHRIE: No, I said it had been discussed with General Ormond on the 10th or 11th of September.

Miss MACPHAIL: But it was not lifted until after. I had intended to read on Saturday night, but found it difficult to proceed in the then temper of the house, the excellent changes which have been made in the administration of penitentiaries. Those changes have been made since and not before the riots, unless it is in the matter of shackling to the bars. I have now come to the conclusion that very often ministers of justice are not aware of what is done. I believe the present minister (Mr. Guthrie) is now aware because there have been several disturbances as a result of which he has made careful inquiries. But they do not always know what is going on. I recall on one occasion asking about shackling to the bars and the then minister (Mr. Lapointe) said that the men were not shackled for any length of time, that their hands were never shackled higher than their waists, when the actual fact was they were shackled eight hours at a time to be let down only at noon, and their hands were placed high above their heads. I believe he did not know that, just as I believe that the present minister did not know about many of the things that were going on previous to the riots. But as I follow the whole thing through—statements in court, judgments rendered, newspaper accounts, and statements made in the house by the minister—I come to the conclusion that the changes which have been made have been made as a result of long, long unnecessary years of suffering which would not have occurred had the recommendations of Superintendent Hughes been carried out. Brigadier General Hughes made most excellent recommendations year after year, as appears in penitentiary reports, and had those recommendations been acted upon I am quite sure we would have avoided the greatest part of the difficulty, such as the great fires at St. Vincent de Paul and Kingston penitentiaries. Possibly the riots would have been avoided as well.

Let me now read to the house, in order to be perfectly fair, the changes which have taken place either very close to or since the time of the riots:

1. No corporal punishment until after the evidence has been taken under oath and award approved by superintendent.
2. Shackling to cellgate abolished.
3. Standardization of a minimum period of exercise in the fresh air for convicts employed in shops or cells—half systematic and half free movement.
4. Increased visits of relatives. Letters by convicts increased from one to three letters a month, but only to close relatives which shuts off many.
5. Close cropping of hair abolished except in the case of convicts who had previously escaped from a penal institution.
6. Introduction of compulsory education for teachable illiterate convicts, school to be carried on during working hours.
7. Silence rule broken—can talk from cell to cell until 7 p.m.

I notice that Superintendent Ormond recommends against the continuance of the talking principle. I read very carefully the list of

recommendations and reports of Superintendent Ormond, as well as his special report on the riots. He condemns almost wholly the conduct of Warden Smith and Deputy Warden Walsh. That is, he laid a very great deal of blame—whether the blame should have been laid there or not I do not know—upon Warden Smith and Deputy Warden Walsh. I recall that last winter when the Minister of Justice was talking on this subject he placed almost all the blame for the disturbances at the door of the communists. I dislike them intensely, probably more than the Minister of Justice does.

Some hon. MEMBERS: Oh, oh.

Miss MACPHAIL: Oh yes, I do.

Mr. MACDOUGALL: What about this syphilitic fellow you are talking about?

Miss MACPHAIL: I will let you deal with that. I dislike the philosophy and technique of communism, but because I do dislike it and because I never want communists to become a force in Canada I have always argued and voted in favour of eliminating section 98 of the criminal code, because I do think the way we are going about to get rid of communism is not British and is non-effective. It would not matter so much if it were not British, but it is non-effective. The first thing we know we will have Tim Buck associations all over the country. I disagree with the government, yes, but certainly not because I have any use for communism. I do feel that some of the methods used in dealing with communists were about the worst methods which could have been used under the circumstances.

I should like again to refer to the judgment of Judge Deroche, because after all it is as authentic as anything we can get. He says at the bottom of page six:

> The crime of which I find Kirkland guilty is punishable with seven years' imprisonment. I do not intend to give him seven years. The riot itself was not as serious as it might have been. The men were in full charge that afternoon for some length of time. The warden and staff had lost control completely. The men could have destroyed property at will, and could have done personal violence to the warden officers and guards. They might, I think practically all have escaped if they had desired, but, generally speaking, no attempt was made to do any of these things as such. More than that, the leaders, or perhaps I should say the speakers, as they deny being leaders, the speakers at least restrained the men from doing any violence or injury, and so far as Kirkland is concerned, he obeyed that order, possibly gave the order himself.

He goes on to say, and I quoted this on Saturday night but quote it again in view of what has been said:

> Then to go back to the cause of the riot. This peaceful demonstration which developed into a riot, was for the purpose of emphasizing the demands of the men for redress of certain grievances which had been long and repeatedly denied them.

This judgment was given on May 11, 1933, and the riots took place on October 17 and 20, 1932. Quoting again from the report:

> Many of the grievances for which this demonstration was staged have already been granted to the men, proving conclusively to my mind that those demands must have been reasonable.

That is the statement I have always made. But it took all this, the riot, Major Nickle's letter, whether it is correct in every detail or not, and Canon Scott's preaching about it and our talking about it in the house to get to the stage where remedies were applied.

Mr. GUTHRIE: It was all done before that—December 31, 1932.

Miss MACPHAIL: However, I have my own opinion in regard to the matter and it is as I have stated. The minister has referred to the British system. I have been reading the book to which he referred, The Modern English Prison, and anyone who reads that book will see that in many ways the British system is severe, and I think severity is a very good thing. It is justice that matters, not severity. I think that prisoners as well as children and adults can stand a good deal of severity if it is justly administered and if they respect the people who administer it. In reading this book, as the minister no doubt has, he must have found that a great deal is done in the English prisons to counteract the deadly influence mentally and physically on the prisoner of the monotony and the fear and all that goes to makes up prison life. They have, for instance, approved visitors who are allowed to go to the cells in the evenings of very well behaved prisoners and help them in various ways, by conversation and planning for their future and all sorts of things.

Mr. GUTHRIE: We allow that.

Miss MACPHAIL: Then at page 84, in regard to discipline, I read this:

> Reports for these offences can only be dealt with by the visiting committee, of whom not less than three, two being justices of the peace, must adjudicate, their inquiry being held on oath. If corporal punishment is ordered, the order must be submitted to the Secretary of State for confirmation, with the evidence. The

committee may order other punishments within their powers in addition to or in lieu of the corporal punishment.

And then in relation to education the author goes on to show how much the British have improved their educational system within the prisons. I quote:

The prison authority still remains in a sense an educational authority; but the role it plays is not ambitious, and does not aim higher than to teach the illiterate to read and write, and in the small space an opportunity given, to raise to a higher standard those who are just a little better than illiterates.

He goes on to show that great change has been made. To quote further:

Five years later we read: "The adult education classes have shown some further development during the year under review. The number of classes held has increased and they have been attended by some 9,000 individual prisoners."

Quoting again:

This "Adult education scheme" was set up in 1923 with the advice and cooperation of the adult education committee of the board of education. Its aim is not, primarily to improve the "standard" of imperfectly educated prisoners, but to counteract the mental deterioration inevitably attendant on prison life, and to increase the prisoner's fitness for citizenship, by stimulating his mind and furnishing it with material for healthy activity in confinement, and of continuing value in after life. Evening classes are held in the prison after long hours of associated labour, and the subjects are chosen on the broadest basis to include not only "school" subjects such as history, mathematics, or modern languages, but "vocational" subjects such as shorthand, gardening, technical trade courses, or handicrafts,

And so on. In relation to care after discharge the author goes on to say that one of the greatest difficulties is the reestablishment of the man when he comes out of prison. No matter how much a man may want to learn a trade in prison, when he comes out he has not a trade at his finger ends that he has learned from beginning to end, and what knowledge the prisoner possesses of a trade is incomplete. The author goes on to say at pages 130 and 131 that in England they have set up a Federation of Northern and Midland Aid Societies which are partly voluntary organizations but partly governmental inasmuch as they receive a government grant for accepting responsibility for the prisoners returned to this area.

These are but three or four things from the British system which show how very much in advance they are to anything we have here.

I want to take one moment to speak of Lewis E. Lawes, warden of Sing Sing, who has written a very excellent book called Life and Death in Sing Sing, and in that he says much of what we all want. He says that when prisoners come in they are very carefully examined by psychiatrists, psychologists and medical men. He says:

These prisoners will be subjected to a period of observation and study by the administrative department in order that it may get a line on their general character, by the medical department for physical condition and disease, by the psychiatric clinic to ascertain their mentality, by the school for their education, by the industrial department for vocational ability, and by the chaplains for moral and religious ideas.

And further:

This work is now being done in part only, but each of the departments has been established and is now functioning. The last department, the psychiatric clinic, was started in 1927 and within a year was utilizing the services of a psychiatrist, assistant psychiatrist, psychologist, and two field investigators.

And then I quote from the last paragraph of his book:

From personal experience it is my firm belief that much of the recidivism (crime repeating) is due to the fact that the ten dollars which the state pays a prisoner upon release is insufficient with his other handicaps to enable him to get a real start.

He goes on to tell that he has made it his business as warden to give the men who needed it small loans and that in almost every case they have repaid the loan. He thinks that some assistance on the discharge of the prisoner is needed in order to get him reestablished again.

The minister has referred to the Canadian Prisoners Welfare Association, of which I am a member, but whose meetings I may say, in order I may not prejudice the minister, I have never attended. They say in their report:

In our experience very few penitents emerge from our penitentiaries, a fact which shows how signally our penitive system fails to correct and discipline.

On top of that we can take it from the superintendent's report that seventy-five per cent of our prison population have had previous convictions and over fifty per cent have served previous terms in a penitentiary.

That shows that the system we are using has not been good enough. It is not reclaiming as many men as I feel should be reclaimed, granting that twenty per cent are incorrigibles, using the superintendent's own figure, the highest figure that has been used by any investigating committee or royal commission report or penologist's statement I have read.

In closing I am going to make the following recommendations to the minister.

I think that the spirit of our penitentiaries should be one that seeks the reform of the convict rather than his punishment. The reform of the convict should be the aim of penitentiary administration, and to simplify this work the hardened, brutalized and dangerous prisoners, usually called incorrigibles, should serve an indeterminate sentence in one prison. According to the figures given by the Minister of Justice, the superintendent of penitentiaries and the investigation committees, their numbers in no case exceed 20 per cent of the prison population and were quoted as low as 5 per cent by the royal commission in 1914. I am sure it is higher now. My second recommendation is the appointment of a superintendent trained in penology. There should be no more political or military appointments. Then there should be a system of adequate training for officials and guards, either a central one for all the penitentiaries or a smaller one in each. I would suggest also the classification and segregation of prisoners. Nothing more than an attempt has been made in that direction. We should have too a medical officer with some training in psychiatry and a travelling medical superintendent with psychiatric specialty. There should be no mental defectives or mentally diseased in the penitentiaries, and there should be work with pay, for good work, even if the pay is small, as a bit of encouragement. I submit that there should be properly supervised work by which the inmates are taught a trade from the beginning to the end of that trade, instead of such instruction being as now so small that the prisoner cannot find any work when he gets out. Every inmate should be in school part of the time, school sessions being held morning, afternoon and evening, if necessary, to accomplish this. Those who are learning shoe repairing, for instance, should be taught the whole business or their instruction will be useless. In regard to the question of inmates attending school, much more time should be devoted to this purpose than until recently has been the case, and certainly it should not be only during the noon hour. Until recently the only time during which prisoners could receive instruction or listen to lectures was between the time they had their lunch and the time they went to work again, which could never be more than forty minutes and usually less.

There should be properly supervised physical recreation. I do not see how keeping a man in solitary confinement, in a prison of isolation or whatever you like to call it, for two years, with forty minutes out a day, will make a man of him. I do not think it will improve him. Then there should be non-compulsory church attendance but increased facilities for personal religious work for those who want it. It is contrary to the idea of religion to drive people to listen to sermons if they do not want to go, but under a proper policy in this regard, if they received the right sort of religious training, it is possible that after a while they would want to attend church services. At any rate, it would be better to have only those go to church who wanted to do so than to have them all go against their will.

Something is needed in the way of a sppervising travelling board for inspection and paroles, one of whom would be the travelling psychiatrist, as I have mentioned before. In this connection I wish to indicate the method used in New York state. The parole board there is composed of two prison officials, the state commissioner of correction and the warden of the prison in which the prisoner is confined, and a third man whose training and point of view are essentially social. This board, according to the laws of the state, is neither a political nor a philanthropic organization but is composed of practical men who understand the crime problem. Lastly, we shall never succeed in reclaiming prisoners until some assistance is given them on release, not necessarily monetary assistance, but aid through prisoners' welfare associations or a combination of voluntary and government bodies. There should be a group of citizens outside willing to give a helping hand, whether by way of a word of encouragement or a job or a loan or whatever it may be, to the man or woman who cannot get themselves reestablished in life. If we follow the constructive suggestions and undertake as rapidly as possible some of the things that are done in British prisons and in Sing Sing—and all these recommendations do not come from those two sources—we shall do a great deal to lessen the tremendous number who go back to penitentiary for a second, third and fourth term.

I do not want to say anything more now except that I feel that, all that has happened having happened, it is in the public interest to have an impartial investigation which in all probability will result in far-reaching recommendations that will change the spirit of our penitentiaries without necessarily lessening discipline. In the very nature of things discipline must be severe, but it can be just and I submit that it could be administered better than it has been up until nov

Mr. MULLINS: Inasmuch as my name was mentioned freely by the hon. member for Southeast Grey (Miss Macphail) and the Toronto Globe, I want to say a few words in regard to this matter. A headline in the Toronto Globe reads:

Nickle exposes "Cook's tour" prison visits.

Let me say to this committee that it was not two children who entered the prison gates but one was an outstanding clergyman of Toronto and myself, under an agreement to see whether the things that were mentioned in the letter read by the hon. member for Winnipeg North Centre (Mr. Woodsworth) existed or not. I said to my personal friend, the Rev. W. A. Cameron, "Let us go to this institution and see whether these things exist, and if they do I will let the chips fall in the House of Commons wherever they may; I will spare no one." We entered that institution, and why the visit of that reverend gentleman and myself should be heralded in the front page of that newspaper by Mr. Nickle I do not know. I do not know this man, but he suggests that I am a relative of General Ormond. Let me quote what is reported:

Sometimes one wonders why Mr. Mullins takes such an interest in penitentiary affairs by publishing that all is well at the Kingston penitentiary. Can it be that Mr. Daniel Ormond, by family ties, or otherwise, has an influence in Mr. Mullins' riding?

General Ormond has no relatives in my riding, nor am I in any way a relative of General Ormond, and that statement is like a lot of other statements made by this man Nickle from Kingston. On my visit to Kingston I said to the warden when I got inside the gate, "I want to see what I want to see, not what you want to show me," and he turned Mr. Cameron and myself loose in the penitentiary and said, "Go where you like, interview whom you like."

I came across several men there, men whom I happened to know from Manitoba, and one had been a school teacher; he had taught school in the northern part of Manitoba. I took him to one side and said to him, "I have known you a long time; can you give me some idea of what is going on in this institution? Is there anything wrong?" He replied that there was absolutely nothing wrong; there was the very best food and everything was all right. I went there entirely on behalf of the men who were incarcerated in that institution, and in the report I made to the Minister of Justice I asked him to substitute for the khaki uniform a blue suit, which might have a better effect on those inside the institution. I saw the best food that could be given any man on aluminum dishes that were afterwards washed. I asked the question particularly whether there were any contacts, whether the same dishes were used by men who were diseased. He told me positively no, and showed me the tub in which the dishes were washed and we satisfied ourselves along that line. We remained until supper time to see the men go by in cafeteria style. One of them had a dish, nearly as large as the aluminum tray they give you in the House of Commons cafeteria. It had four partitions and in one corner there was a splendid piece of roast beef; in another, cabbage; in another potatoes, and in another, prunes. Then on top of that was a nice currant bun, a large mug of tea and three ears of corn. That was the supper, and I would like to ask hon. members if they would want any better food than that. The food supply was of the very best.

All these statements that were made were made for some purpose and I came to the conclusion that they were made for political purposes. I see now that since the Minister of Justice has made his statement my hon. friends are modifying their attitude. So far as I was concerned, if there was anything wrong or any ill treatment of them, I was prepared to take the matter up strongly on the floor of this house. The people that are in those institutions are not Sunday school teachers. One of them came to me and gave me a story. He said that he had seen me in the penitentiary; he gave me a line of talk and out of sympathy I tried to get him a position. At that time I was in Toronto. I gave him all the money I had in my pocket. When I came to look up his record I found that I was up against one of the worst crooks ever in a penitentiary; he had more than eight convictions against him. This same gentleman played the same game with one of my hon. friends in the house whom I can see from where I am speaking, and got money from him in the same way. I looked into every detail in that institution solely on behalf of the men, and I can say, having seen prisons in England, that our prisoners are fed and taken care of and treated as well as any prisoners that can be found in any part of that country.

Mr. SANDERSON: I hope the Prime Minister (Mr. Bennett) and the Minister of Justice (Mr. Guthrie) will not think I am endeavouring to delay prorogation. I would draw their attention to the fact that since three o'clock this afternoon I am the only member of the official opposition who has stood up to speak; the speaking has been

done from the group in the corner to my left and from the government benches, but I feel that on this matter I should like to go on record and I shall be only a few minutes.

This question of the administration of penal institutions is a very vital one in the constituency that I have the honour to represent in this house. Starting about a year ago and continuing all summer and into the fall, perhaps I had more visitors, requests and correspondence in regard to the condition at Kingston penitentiary than in regard to any other question that was put before me. In the town in which I live the whole population seemed to be very much stirred up in connection with not only penal institutions in the dominion generally, but especially Kingston penitentiary. As a matter of fact, one of our most prominent citizens in the town in which I reside addressed to me through the local newspaper an open letter to which he asked me to reply, requesting that I put myself on record as to what I knew about conditions in Kingston penitentiary. This gentleman, as I said, is a prominent citizen, prominent not only in business but in church and social welfare life. I want to say to the Minister of Justice—and I am sorry I have not before me a copy of this gentleman's letter and of my reply thereto—that this person was not at all critical of the Minister of Justice or of the department or of the government. He was seeking the light in regard to conditions in Kingston penitentiary; perhaps he thought I might be able to throw some light on the question and he asked that I reply to his letter.

I did so, but I said that I had no more knowledge than any other citizen, of conditions in Kingston penitentiary, with this one exception, that perhaps I had had the privilege of hearing the debates in the House of Commons; that I had followed carefully the debates to which I had listened here and that I had followed carefully the letters of Doctor Withrow which appeared in the Toronto Globe last summer for many days perhaps for two months almost daily, and also the letters of those who had been drawn into the controversy, sent to the Globe and to the newspapers generally.

Hon. members will remember that starting perhaps a year ago now and continuing all summer and fall, the newspapers, especially of Ontario, had huge headlines every edition in regard to conditions in Kingston penitentiary. I said in my letter that I thought conditions in that or any other penitentiary in the dominion were from the very nature of such institutions more or less of a closed book and that they had to be and that the public did not know very much about them. In regard to the letters of Doctor Withrow I said that I did not know whether they were true or false, and the public would have to weigh the matter as carefully as they could, read the statements of Doctor Withrow and, if you like, of other ex-inmates of the penitentiary and compare them with reports of the superintendent and the warden at Kingston penitentiary and statements that had been made by the hon. member for Kingston City (Mr. Ross) in the house, by Mr. Nickle senior and Mr. Nickle junior. Even then I said—and I repeat it here this afternoon—that out of this conflict of opinion and of testimony or evidence, whatever you like to call it, nothing had come to clear the situation in regard to the administration of penal institutions in this country.

I claim that those who are unfortunate enough to commit a crime, are found guilty and are sent to a penal institution, are sent there for punishment and should be punished. On the other hand, what is done for them in the way of their daily routine, daily life and so on, should be humane. The great question is: Has any reform been instituted in our penitentiaries during the last few years? I am free to confess that after listening very carefully and with a good deal of interest to the statement made by the Minister of Justice this afternoon, I think it would have been better for him and the government and more satisfactory to the country if he had made that statement perhaps a year ago instead of delaying it to this late date. I do not want to go into the question of what happened on Saturday but I think it is a very fortunate thing for the Minister of Justice that the house did not prorogue on Saturday night and that he had the opportunity to make the statement he made this afternoon. However, I am not yet fully satisfied that the administration of the institution is as it should be. I have not much criticism of the superintendent, other than this, that it appears to me that if you get too many military men in control of the discipline in these institutions you have not always the right kind of men. Military discipline is all right during a war, but if you get certain types of officers and guards and wardens in attendance at these institutions, with the military system operating twenty-four hours a day, to my mind it is not the right system.

I do not want to detain the committee any longer. I would recommend to the Minister of Justice and to the government, as the hon. member for Southeast Grey and one or two others have said, and as I said in my letter

about a year ago to the hon. member for St. Mary (Mr. Deslauriers), that a royal commission or some sort of commission be appointed to investigate thoroughly, without bias or prejudice, no matter who was hurt by the evidence that came out, and go to the bottom of the whole matter of the administration of our penal institutions. I think the public want it; I think they are demanding it and will not be satisfied if they do not get it. In all seriousness I would recommend to the Minister of Justice that he take that matter into his serious consideration. We have had a lot of royal commissions; we have had them without any demand for them at all from the public, but very great numbers of men and women in Canada have a suspicion that things are not right in these institutions, and the only way to set their minds at rest is by a thorough and honest investigation through a royal commission or some kind of commission that will go to the bottom of the matter without fear or favour.

Mr. YOUNG: The minister's explanation has been satisfactory at many points. There is however, one matter that he has not properly cleared up, and that is the shooting into the cell of Tim Buck. If Tim Buck stood in the door of his cell, as the minister said, encouraging the rioters, it might have been possible to send a rifle bullet into the open door without touching Tim Buck. But I do not think that would have been possible with a shotgun. At that distance and that angle pellets from a shotgun would scatter sufficiently to make it almost impossible for any man to stand in the open door without being hit. The fact that Tim Buck was not hit indicates to me that he was not in the doorway. If he were in the doorway it was a very serious matter for anyone to attempt to shoot with a shotgun through that door to frighten or silence him. To my mind that is a serious matter that should be cleared up. No guard who would do that should be entrusted with firearms at all. While I am on this point may I say that in Montreal a year or two ago we had a case of a policeman shooting down a man without justification, and in Saskatchewan two or three years ago we had mounted policemen shooting over the heads of rioters to frighten them and sending bullets through the walls of houses and wounding an innocent person. It is time we were taking steps to be sure that firearms are not entrusted to those who are inclined to lose their heads.

Item agreed to.

[Mr. Sanderson.]

HOUSE OF COMMONS

Expenses of committees, etc.—further amount required, $140,000.

Clerical assistance, etc.—further amount required, $20,000.

Publishing debates, including salaries of amanuenses, etc.—further amount required, $20,000.

Estimates of the Sergeant-at-Arms—to provide for the appointment of J. A. MacKinnon as chief parliamentary messenger and housekeeper, at $2,220 per annum, from April 1, 1934, notwithstanding anything to the contrary in the Civil Service Act, or amendments thereto, $1,998.

To provide for the full sessional indemnity to members of the House of Commons—days lost through absence caused by illness, official public business, or on account of death during the present session—notwithstanding anything to the contrary in chapter 147 of the revised statutes, 1927, an act respecting the Senate and House of Commons, or any amendment thereto. Payments to be made as the treasury board may direct, $21,000.

Mr. CHEVRIER: Hon. members will realize that I am not rising to object to expenses of committees or to clerical assistance for the publishing of debates, much less to that part of the item which provides for sessional indemnity to members of the House of Commons. My objection is directed to that part of the item which reads as follows:

Estimates of the Sergeant-at-Arms—to provide for the appointment of J. A. MacKinnon as chief parliamentary messenger and housekeeper, at $2,220 per annum, from April 1, 1934, notwithstanding anything to the contrary in the Civil Service Act, or amendments thereto.

In the session of 1927 in the estimates of the House of Commons the chairman of the committee included this item in the estimates:

To hereby appoint ... notwithstanding anything contained in the Civil Service Act or amendments thereto.

Taking very strong objection to that, the then leader of the opposition, now the Prime Minister (Mr. Bennett) said as reported on page 2540 of Hansard, these words, which I wish to appropriate:

This is a disagreeable thing to stand up and speak about; yet in the very nature of things we must see to it that the House of Commons shall not become an instrument of injustice to its servants.

Those words I desire to appropriate as an introduction to the few remarks I have to make on this measure, reserving the quotation of further words from the speech that the hon. gentleman made at that time. Now this is a position which is classified under the Civil Service Act. I hold in my hand at the moment my draft copy of the report of the

civil service committee of 1923 in which I find these words:

Your committee is of the opinion that the two fundamental principles of the Civil Service Act are the merit system and the system of promotion by competitive examinations and that both those principles must be maintained.

This is the original draft that I handed to Mr. Malcolm at the time. I find these words reported verbatim in the report of the committee's deliberations. Therefore as one who was to some extent responsible for the introduction of those words into this report I cannot countenance the appointment of anyone either in the house or to any other public service without the application of the civil service law whenever that is possible. This position was filled for many years by a Mr. Boudreault. He was here from the time the house opened after confederation. He was superannuated some time ago. The position is one that is classified under the Civil Service Act; one will find it in the classification to the edition of 1930. He is called the chief parliamentary messenger and housekeeper. The description of the position is as follows:

Chief parliamentary messenger and housekeeper.

Definition of class:—

Under the Sergeant-at-Arms, House of Commons, to direct and supervise the work of employees in attendance during sessions on officers and members of the houses of parliament and also of carpenters, doorkeepers, charwomen, and other employees; for to be responsible for the moving and placing of furniture and fittings as directed by the Sergeant-at-Arms; to act as housekeeper for the House of Commons; to have charge of cleaning and other household supplies; during recess to supervise the work of parliamentary messengers engaged in simple routine clerical work; and to perform other related work as required.

Qualifications: Primary school education; some knowledge of parliamentary routine; preferably a knowledge of both English and French; supervisory ability; tact, discretion, and good address.

And the annual compensation is set out. The Civil Service Act is quite clear in regard to promotion. Section 49 says:

Promotion shall be made for merit by the commission upon such examination, reports, tests, records, ratings or recommendations as the commission may by regulation prescribe.

Subsection 3 of the same section says:

In making promotions, the commission may, by regulation restrict the competition by merit to all employees or to employees of certain class or classes of a specified seniority, and may prescribe the marks or ratings to be obtained by such employees for efficiency and seniority, such marks or ratings not to exceed one-half of the total marks required under any merit system or method adopted by the commission for promotion purposes.

Under the Civil Service Act certain regulations have been made, and I quote from one of these regulations appearing at page 16 of the Civil Service Regulations of Canada, 1934:

Promotion is a change from one class to another class with a higher maximum compensation, and vacancies shall be filled, as far as is consistent with the best interests of the civil service, by promotion.

Promotions shall be made for merit by the commission upon such examination, reports, tests, records, ratings or recommendations as the commission may by regulation prescribe.

But rule 56 reads:

Requisitions for the filling of vacancies in permanent positions in the service shall include a statement from the deputy head of the department as to whether or not, in his opinion, it is consistent with the best interests of the service that the vacancy in question should be filled by promotion, and, if so, to what groups or classes the competition should be restricted.

I submit that in this case Mr. Speaker has failed to follow the regulations of the civil service commission, particularly in that there has been no recommendation made as to whether or not in his opinion it is consistent with the best interests of the service that this position should be exempted from the operation of the civil service law. This position might well be filled through promotion. No one knows better than the hon. member for Argenteuil (Sir George Perley) that there are employees who have been here for twenty years or more, and who served as understudies to Mr. Boudreault before his retirement. I must protest most energetically against this further encroachment upon the merit system. This position is not such that it cannot be filled consistently from within the ranks. On many occasions I have unhesitatingly stated that it might be well to go outside a certain department at certain times to select men of certain high technical ability when such men cannot be found within the service, but here there was no need for Mr. Speaker to defeat the civil service law by endeavouring to appoint this man in a roundabout way, by putting this item in the estimates. I have no quarrel with this gentleman; I know nothing of his merits, but I say there is no defence for this action on the part of the Speaker. There are other people in the service whose merits ought to be recognized. I think it is a sad thing, after having made a law, that we should endeavour to break it as often as possible. It is quite true that parliament is supreme; we can do as we please

with the Civil Service Act, but if we are to break that act at every opportunity why not be fair and say we will repeal it?

This session we had a civil service committee which sat for many days and laboured long and diligently. A report was presented. I was rather proud of that report, which received the encomiums of a number of newspapers, and with which the civil servants were highly pleased. Now, however, it appears that no action is to be taken on it. That is rather discouraging to those who have supported this act.

I do not think I can do better than quote the words of the right hon. Prime Minister of to-day, then the leader of the opposition, on April 14, 1927. He said:

> We as law makers should not be law breakers. As those who framed the civil service law of the country we should not be the first to break it. Our right to ignore the act is undoubted, but the exercise of that power is injurious to the people of this country—

The right hon. gentleman used those words on an occasion absolutely on all fours with this occasion.

> I do not believe the Prime Minister would consider that justice was being done by the selection of one or two of these officials to the exclusion of others who, to the certain knowledge of the oldest members of the house, have greater claims.

The right hon. member for Argenteuil knows what I mean.

> This is a disagreeable thing to stand up and speak about; yet in the very nature of things we must see to it that the House of Commons shall not become an instrument of injustice to its servants. The Speaker may err in his selections, because we have striking evidence over his own signature of his strong partisanship in the removal of thirty-four postmasters in Gaspe.

With all due deference to His Honour let me say that if that statement was true he has followed nobly in the footsteps of his predecessor. Of all those whom I succeeded in having appointed when I came to the house, as vacancies occurred through illness or dismissals for cause, only a corporal's guard remain. I should say that Mr. Speaker has followed very well indeed in the footsteps of his predecessor in this respect. The records will show that when the time came for me to make these appointments in 1926 I was not responsible for the removal of one man, one woman or one page boy. The replacements I had appointed filled vacancies created on the instructions of superior officers; as these men, women or boys became inefficient or died or were removed for cause, the vacancies were filled. Then I should like to quote the concluding words of the present Prime Minister:

> Men in high, responsible positions may sometimes become partisans and it is because of that fact that I rise now, as my last act at this session—

See how history repeats itself.

> —to protest against this injustice which is being done deserving public servants through discrimination. I ask the house, regardless of politics, to assert our ancient authority—which is ours, and not the Speaker's—and to determine that we who have made the laws will not break them. That is all I intend to say regarding this matter.

As a result Mr. Robb then said:

> I beg to move, seconded by Mr. Dunning, that in item 452 all the words after "hereby appointed" down to and including "or amendments thereto" be struck out, and that the item be reduced by $13,500.

My advice to Mr. Speaker is that he would be well advised to follow the same line of conduct that was followed on that occasion.

Hon. GEORGE BLACK (Yukon): As Speaker of the house perhaps with propriety I may say a word or two on this item. It is true that the civil service commission has the power to make such an appointment, but it is also true that this house has power to make the appointment. By investing authority in the civil service commission the government is not divested of the power of making such appointments. The office of chief parliamentary messenger and housekeeper is one peculiarly under the House of Commons and under the Speaker. Under the Sergeant at Arms that officer is responsible for the furniture, fittings and movable property of the house. He oversees the parliamentary messengers and the char service. He sees that this chamber, the corridors and the peace tower are all kept clean and in order, giving particular attention to members' rooms. I am sure there is not a member of the house who will not acknowledge that they have had splendid service from the man who has been acting in this capacity for the last couple of years. On his staff as messengers he has upholsterers, carpenters, joiners, painters, paperhangers and so on. The work of reupholstering the furniture of this house is done here, on these premises, and is not sent out at very great expense as was the custom in former times. During the recess the walls and ceilings of many rooms are cleaned and retinted at very small expense. Close attention is paid to purchasing. Wholesale rates, with special discounts for the government, are arranged, and to my knowledge in the two or three years the man has been here he

has actually saved this government and country thousands of dollars, by handling the position in a businesslike way.

Speaking of the appointee, personally, may I say that he is a Nova Scotian. He is a returned soldier with a splendid war record. Enlisting as a private, he was promoted in France to the rank of captain, and went up to be a most efficient quartermaster. He was the quartermaster of the first machine gun brigade in France and went through some of the worst fighting of the war as one of the most efficient quartermasters in the Canadian Expeditionary Force. He has fulfilled the duties of his office most satisfactorily, and I am sure hon. members will agree with what I say. This is peculiarly an appointment by the House of Commons and I ask hon. members to support me and to make the appointment permanent, as this is a perfectly legal way of doing it. There are precedents for it. The matter might be referred to the civil service commission; they would set a written examination, the success of the applicant under which would in no respect be a definite indication of his fitness. You might get a round plug in a square hole; nine times out of ten you do, on civil service examinations.

We have here a practical and an efficient man who, as I say, has been fulfilling the duties of the position for a couple of years. He is quite competent to fill the job, and I ask the house to support me in the appointment.

Mr. CHEVRIER: I move in amendment that item No. 291 be reduced by $1,997.

Mr. MacINNIS: I should like to say a few brief words in support of the senior member for Ottawa (Mr. Chevrier). I listened to Mr. Speaker state the qualifications of the person appointed to this position. I do not know the individual, but assuming his qualifications are as good as has been stated by Mr. Speaker, I must add we have not heard the qualifications of individuals who because of seniority and equally faithful service may be entitled to this position. It is quite true that the civil service commission can make an appointment, and that the government has the right to proceed in the present manner. I suggest however we should not lose sight of the fact that the civil service commission was created to deal with matters of this kind, and it was found through experience that the civil service commission could deal with these matters better than the government. If it is true, as Mr. Speaker, suggests, that nine times out of ten the civil service commission make wrong appointments, then surely it is time the legislation creating the commission was repealed, and the commission done away with. I do not think however that any member of the government would substantiate the statement made by Mr. Speaker. I think it has been shown on many occasions that the civil service commission is better qualified to make the appointments than is the government or the head of any governmental department. When discussing the central bank legislation the Prime Minister (Mr. Bennett) referred to the difficulty of carrying on the administration of the country without political interference. I suggest that if we want to get away from political interference we should not put ourselves in the position of taking appointments away from a body in charge of that work, and doing it through political interference. We ought to try to impress upon the Canadian people that we want to administer our affairs without political bias. We cannot do that if we allow appointments of this kind to be made.

Mr. BENNETT: The House of Commons claims the right to appoint its own housekeeper. As to whether or not that is sound I am not at the moment going to express an opinion, beyond this, that the Speaker of this chamber made a recommendation to the government as to who should be appointed housekeeper. The government assumes the responsibility for the item as it appears in the estimates.

Amendment (Mr. Chevrier) negatived.

Item agreed to.

DEPARTMENT OF AGRICULTURE

To provide for payment of compensation as listed below, to owners of animals affected with diseases coming under the operation of the Animal Contagious Diseases Act, which have died or have been slaughtered under circumstances unprovided for under the above-mentioned act and regulations thereunder:

Boivin, Wilfred, R.R. 2, Compton, Que.. $22.
Lamy, W. B., R.R. 2, Compton, Que., $16.
Mockler, Thos. F,, R.R. 2, Grand Falls, N.B., $8.
Giberson, Lewis A., Bath, N.B., $14.
Garlough, Simon and Feeley, Floyd, Winchester, Ont., $10.
Caswell, Wm. F., Bulwer, Que., $4.
Lapointe, Alamanzor, Bury, Que., $16.
Berry, W. J., Kingston Mills, Ont., $10.
Davidson, Jos., Westboro, Ont., $6.
Niles, John W., Wolfe Island, Ont., $18.
Moloughney, Michael, North Gower, Ont.. $16.
Lemelin, Eugene, Cookshire, R.R. 4. Que.. $24.
Dunfield, Fred, Sussex, R.R. 1, N.B., $16.
McAfee, John, Red Head, N.B., $10.
Young, John, Mansonville, Que., $16.
Alton, V. LeRoy, R.R. 2. Guelph, Ont.. $30.
Davis, N. G., Glen Sutton, Que., $13.33.
Ruel, Fabien, L'Ange Gardien, Que (Rouville Co.), $18.

Petch, D. C., Newmarket, Ont., $24.
Newman, N. J., Spencerville, Ont., $10.
Lemieux, Jos., 214 McManamy St., Sherbrooke, Que., $16.66.

Mr. SEGUIN (Translation): Mr. Chairman, I have no intention to oppose this item of the estimates of the hon. Minister of Agriculture (Mr. Weir), which provides for the indemnifying of farmers or owners for the loss resulting from disease or death among their cattle. Nothing must be spared to help out our farmers, especially in this difficult period through which we are passing. I simply wish to express my regret that the government did not think fit to grant to the hon. Minister of Agriculture all the necessary funds to carry on the tuberculin test of herds especially in the sections set apart as restricted areas. For a few years past, the district of L'Assomption has been organized as a restricted area, however the work in connection with the test was not proceeded with, because the government did not place the necessary funds at the disposal of the hon. Minister of Agriculture.

However, I must complain of the fact that the test, which was neglected in L'Assomption, was carried out in other sections set apart as restricted areas, after that of my district. I refer to the districts of Argenteuil and Two Mountains. I admit that certain considerations must have been invoked since both counties are represented by ministers of the crown. I do not envy them; though, on behalf of the farmers of my district, I cannot help protesting against the discrimination shown in favour of these two counties. I trust the government will welcome with the same good grace the hon. Postmaster General (Mr. Sauvé), when he insists on having a deputy postmaster general of the same race appointed, as the one who retired recently. I cannot too strongly insist that the utmost consideration be given to these good farmers which I represent and, particularly, to the milk producers of my county who cannot dispose of their dairy products in Montreal unless the test of their cattle has been carried out by the Department of Agriculture, according to the system known as the restricted area.

As I wish to have an immediate and precise reply from the hon. minister, I shall plainly put the following question in his own mother tongue, so as not to annoy him too much.

I desire to know from the honourable minister if I can be assured that the farmers in the zone of L'Assomption-Montcalm, at least those who are prevented from carrying on their trade in milk products, in Montreal, on account of their herds not having been tested, will have their herds tested, on special request, and enjoy the benefits of the zone system?

Mr. WEIR (Melfort): There have been many requests to have herds tested which we have dealt with and we should be only too glad to take into consideration the request of my hon. friend.

Mr. MOTHERWELL: Would the minister state what new cold storage plants he has in mind, if any, to warrant this additional outlay?

Mr. WEIR (Melfort): The hon. member will appreciate that we have a number of applications in but we are not in a position to say which ones will be approved. This estimate is to make provision for those that are approved.

Mr. DONNELLY: On March 28 last I asked the minister a question with regard to his horse policy. My reason for asking the question was that I found in the Brandon Free Press of January 12, 1934, a report on the minister's horse club policy in which it is stated:

> In addition a definite improvement scheme has already started and which is to be featured by the purchasing of as many young stallions of the three draught breeds as possible, which horses will be placed at the experimental farm stations or other selected institutions to breed, free of charge, mares of approved quality and conformation, the object being to get approved breeding stock in greater quantity.

There was no mention made of this in the answer which I received, and I would ask the minister if this policy has been put in operation.

Mr. WEIR (Melfort): Yes it is in operation and will be extended to include other purchases.

Mr. DONNELLY: Are any horses being bought under that scheme?

Mr. WEIR (Melfort): The horses that have been purchased previously and are owned by the different stations are being used under this scheme, and in addition we have purchased four.

Mr. BOUCHARD: Referring to question number eight standing on the order paper under the name of Mr. Boulanger, and in view of the dismissal of Doctor Auguste Pepin, and in view also of the constant rumour that the seed laboratory in Montreal will be transferred

to Ottawa or closed, would the minister be kind enough to assure us that this laboratory will be continued in Montreal because it is very useful to the farmers of the province of Quebec.

Mr. WEIR (Melfort): There is no intention to move this laboratory from Montreal to Ottawa.

Item agreed to.

To provide for gratuities to former members of the pension tribunal and the federal appeal board, subject to allocation by the treasury board, $100,000.

Mr. CHEVRIER: I notice this is to provide for gratuities to former members of the pension tribunal and the federal appeal board, subject to allocation by the treasury board. In the last pensions committee of which I have the honour to be a member I took a very strong view in regard to what would happen to the rest of the staff. I notice that the former members of the pension tribunal and the federal appeal board are receiving consideration and I would ask if some consideration is not to be given to the members of the staff who were not fortunate enough to be in the higher categories.

Mr. BENNETT: The whole matter has received very careful consideration and the language of the privy council judgment in the Reilly case is the basis of this item. It is not probable that the whole of this item will be used but the suggestion on the other hand is that owing to the action taken by parliament there should be some compensation given to those who had an appointment for a given length of time and were deprived of it by the statute. The hon. gentleman has seen the judgment and realizes that it is the basis of this item.

Item agreed to.

Royal Canadian Air Force—
Further amount required, $125,000.

Mr. WOODSWORTH: On May 22 I asked the Prime Minister (Mr. Bennett) if any undertaking had been given by the Canadian government to the British government with regard generally to an empire defence policy and with regard particularly to aviation, and the Prime Minister replied, "The answer is no." I notice that a few days ago with regard to the breaking up of the disarmament conference Lord Londonderry said:

His Majesty's government therefore have decided they can no longer delay the steps that are necessary to provide adequately for the air defence of these shores.

He went on to say that there was the closest relationship as regards personnel between the air force and the sister services in the dominion; that exchanges of junior officers operated at present with Canada and Australia, and that both Canada and Australia maintain liaison officials in London who "had full access to all the information at the air ministry which might be of assistance to their respective governments." In view of the recent decision of the Secretary of State for air to increase the air force of Great Britain I would ask the Prime Minister if any commitments have been arrived at between this dominion and the motherland with regard to air defence.

Mr. BENNETT: No commitments have been made, but the statement made by Lord Londonderry is an absolutely accurate statement as I understand it. The great facilities and the wide knowledge and experience of the British air force have been made available for Canadians through the means he mentions, and our officers have been constantly in communication with the British air force and learning from them everything they were possessed of in the way of knowledge and information.

I should like to say, however, that we are engaged in looking very carefully into the question of the transport of mails in which it is obvious that both the British and Canadian governments have a very close and allied interest. The movement of mails from the northern part of Great Britain and Ireland to Newfoundland, and from Newfoundland across the northern half of this continent and thence to China and Japan, is a matter that has been engaging the attention of the officials of the air force for many months. I heard a very distinguished air man say in Great Britain a few months ago that he believed within the next five years there would be a regular air service. But the question to which the hon. gentleman is directing attention is not a question that has been the subject matter of discussion or arrangement further than what has been carried on in the past few years since we have been afforded the opportunity of securing training and an exchange of officers in the navy, the army, and the air.

Mr. WOODSWORTH: The construction of landing fields to which I made reference a year or so ago has no definite significance?

Mr. BENNETT: It has definite significance, of course, as regards civil aviation, and I need hardly say to the hon. gentleman that such fields will always be available if the

necessity should arise for their use for any other purpose that might affect the defence of this country.

Item agreed to.

MAIL SUBSIDIES AND STEAMSHIP SUBVENTIONS

Additional amount required to provide for ocean and coastal subsidies, and to assist in the carriage of lumber from Churchill to the United Kingdom, $209,036.

Mr. ELLIOTT: Can the minister tell me what investigation is made into the financial standing of companies asking for steamship subventions?

Mr. STEVENS: In view of the circumstances obtaining at this stage of the session might I ask my hon. friend to be good enough to use the information we have placed at his disposal. I do not think it would be fair to the rest of the house for himself and me to discuss these questions back and forth, because I placed at his disposal all the information we had in the department, without reservation. I was in hopes that he could make his statement on the information supplied him. I am not inclined to refuse the fullest information but it would be better for him to make his statement on the basis of what we have submitted to him.

Mr. ELLIOTT: There was no information placed before me as to the representations that were made to my hon. friend.

Mr. STEVENS: The whole file was placed before the hon. gentleman.

Mr. ELLIOTT: Am I to understand then that there was no statement by anybody with regard to the financial standing of this particular company?

Mr. STEVENS: No, my hon. friend knows that the contrary is true. The department did make some inquiries and I was under the impression that my hon. friend knew that fully. It was on the file and there was no hesitation in giving him the widest access to it.

Mr. ELLIOTT: What was the information as to the standing of the company?

Mr. STEVENS: I am in a quandary how far I can quote. Any information we got from one of the mercantile companies is more or less confidential. There is no objection to giving it, but I question very frankly whether it is fair to Duns or Bradstreets or one of the commercial agencies to produce in the house statements made by them regarding the affairs of a private company. I do not think it is ever done in the house, nor do I think there is any object to be gained by reading it. I will send across to my hon. friend what I have here; it was on the files.

[Mr. Bennett.]

Mr. ELLIOTT: Were any representations made to my hon. friend, apart from this, as to the standing of the company?

Mr. STEVENS: I presume that what he is now asking about is a letter from one of the members of the house, but that also he knows about. I cannot recall any others.

Mr. CANTLEY: The important thing is that the people have the facilities and the experience and are able to carry out the contract.

Mr. ELLIOTT: If that had been so it would have been important to the people I represent, but unfortunately nothing was further from the fact. What I want to call attention to is this. In February, 1931 a company known as the Richelieu Corporation was incorporated under letters patent, and a little later they had their provisional directors' meeting, when the setup of the company was made. Let me first of all point out who comprised the company. Mr. Richardson, who, at a meeting three days after the provisional directors' meeting, was made president of the company, was doing business in Montreal. He had formerly been unfortunate in business, was not successful, and had gone into bankruptcy some years before. Associated with him was Mr. James McDonnell, who ran a produce supply company. Mr. McDonnell was also somewhat known to the Department of Trade and Commerce, as I see by the file that he had taken part, not a creditable part, in some shipments of hay some years before and also in shipments of horses to Rotterdam in 1931. The records of the department show that he was not a man of standing in the department. The man associated with them and who apparently was the guiding spirit in the matter was Mr. E. A. D. Morgan, barrister. He apparently guided the company. When the set-up came it was this. Mr. Richardson had taken shares of the company for practically $20,000. In exchange for this he had shares in a concern known as Canadian International Corporation. I am told that these shares were worthless at the time. That is the finding of the auditors who have looked into the matter. So that we have Mr. Richardson owning all the company, with no investment except these worthless shares—that is, all the stock in one company that was of no value purchased by stock in another company which was of no value—and they started under their charter to do various things, such as dealing in live stock, canning operations and the operation of vessels. They

carried on without much success, and I believe the auditor's report of September 30, 1932, shows that they had gone back $4,000 at that time from what they had when they started which was nothing. It is only fair to say that some money belonging to Mr. Richardson had been put in to keep the company going, but all the moneys received, including $13,000 from Mr. Richardson himself, $3,100 for sale of this stock, 31 shares, and what money had been paid out, left them at that time something like over $4,000 behind.

If one will look at the set-up of the company, it is quite apparent it never was one that was in a position to carry on business that needed any capital to carry it on. On September 30, 1933, they had gone behind about $9,000 more. In the meantime complaints had been made that they were dealing in cattle and a letter was sent by the hon. member for South Huron (Mr. Golding) to which he will himself refer, but I want to give just an extract from it. On October 12 the hon. member for South Huron sent to the minister a letter containing a paragraph which I shall read. It was with regard to a man by the name of Scotchmer who had been dealing with this company. He told of Mr. Scotchmer's difficulties; that they had agreed to transfer these cattle for $27 a head; that they were charging $32 a head, several dollars more than any one else in the business, for shipment to the old land, and when Mr. Scotchmer objected, apparently he received a threat of libel. This is one paragraph in the letter of the member for South Huron:

> I believe Mr. Scotchmer when taking this matter up with this company, received a letter threatening him with libel, which would appear to be a pretty high-handed piece of work. If you desire, I will obtain a copy of this letter for you.
>
> As far as I can learn Mr. Scotchmer estimates his loss on this shipment at around $800 or $900.

He says that there are a number of splendid cattle in the vicinity.

> I will appreciate it very much if you could, through your department, make an investigation into this matter and advise me what action is being taken to protect the shipper in matters of this kind.

He also gave a summary of the case which was enclosed with that letter. That summary describes the boat Glentworth as a ship that was not seaworthy with its engines in the condition they were in, and after leaving Halifax on a trip which it made on May 5, 1933, it could proceed at only half speed and did not arrive at Birkenhead until May 24. He stated that the vessel should never have been permitted to leave Montreal, not being in seaworthy condition on the one hand, and the accommodation for cattle being badly arranged and much overcrowded on the other hand.

In final result, instead of the cost of freight, transportation, feed, commissions and so forth being $27 per head, they brought what the company sought to charge Mr. Scotchmer up to $32 a head.

That was on October 12. There was also in the department certain correspondence which I shall not at the present time take up the time of the committee by referring to at length, which indicated that Mr. McDonnell, who was managing director of the company, had had previous difficulties in connection with the shipment—it was only a small shipment, it is true—of some horses to Rotterdam and also in connection with some hay business in which he had been engaged. On October 18 an amount of $7,000 was advanced to this company by the Department of Trade and Commerce to carry on the operations of the steamship Neiderholm.

Mr. STEVENS: My hon. friend is not stating that correctly. There was given to this company as to many others a grant for the installation of stalls for cattle in two ships—that is all; nothing more—on the condition that they make at least three trips, I think, in one case, and five in the other.

Mr. ELLIOTT: The grant was $7,000 on October 18 to the Neiderholm and on November 7, $5,004 to the Glentworth, the ship about which the hon. member for South Huron had complained. That was for fitting up stalls on the Glentworth and on the Neiderholm, but it seems to me rather remarkable because part of the complaint of the hon. member for South Huron in his letter of October 12th was that the fittings were not suitable, so I assume at that time there were fittings on the steamship Glentworth—

Mr. STEVENS: They were done under the British Board of Trade regulations.

Mr. ELLIOTT: —because this was referring to a shipment that had been made in May. These boats carried on. Might I just give the committee an idea of the financial standing of the company from time to time?

On May 5, 1933, they had in the bank an overdraft of $10,729.18. On the same day there was a deposit, which I understand was from farmers' cattle sent in to them, of $23,000. That left them to the good an amount of $12,270.83. On May 23 there was an overdraft of $10,710.83, and they received a deposit

of $17,477.47, leaving a balance of $6,766.64. On July 3 they had an overdraft of $11,020.80 and they received a deposit of $7,640, which left them with an overdraft of $3,380.80. On July 7 they seem to have got a deposit of $22,826. I am told that as nearly as can be found out by the auditors those deposits appear to have all been received in this way; that is, farmers would ship cattle to them; a bill of lading would in many cases, prior to about the early part of October, be made out and the money, whatever balance was coming to the farmer, be sent back to him.

But about that time there came a change in the arrangements by which the farmers entrusted the cattle to them and the company drew against the farmers' cattle, put the money into the bank and the farmers were paid when more cattle were sold and the money came in. The condition on December 5 was that on that morning they had an overdraft of $12,394.22. A deposit came in of $31,164.94 from cattle that were being shipped on the Neiderholm. That vessel was going out on December 5. That left them a balance of about $18,000 to the good but this was of course the money of the people who had sent them their cattle on consignment to sell and to account to them for the proceeds. On February 1, with very few of the people who had sent cattle on the Neiderholm being paid, they had an overdraft of $24,605.56. Then came a deposit, which I think came from other cattle because they were still carrying on, of $9,957.81. Apparently no care was exercised; the auditors state and it is only fair to say, that these figures are more or less the best that the auditors can get from the books. A number of the books and documents are not now available; it would involve great expense to examine them, and there is no money in the concern to pay that expense so it is difficult to say just what the exact state of affairs is. But this is clearly established, that from the day this company received, if not before they received the money from the government, they were putting into their own account moneys received from the farmers who shipped these cattle. The difficulty is that Mr. McDonnell, who has already been referred to, was buying some cattle on his own account or under the produce supply company's account, and of course that was paid out of the proceeds from the farmers' cattle. Mr. Morgan bought sixty-three head of cattle, so Mr. Richardson states, and those cattle were paid for from this account. The result is that in the counties of Essex, Kent, Middlesex, Elgin, Oxford, Perth, Huron and some of the other counties in that district about $40,000 worth of cattle have been sent down and no money paid for them. The farmers have been robbed. I find it difficult in discussing this matter to refrain from using very strong terms. They sent their cattle to these people to sell for them expecting them to account for the proceeds, and they have not received that money to the extent of approximately $40,000.

It is impossible now to have an examination of the boat, one of the assets that the company in bankruptcy claims is still of some value. They started scrapping that boat on which this $7,000 of government money was expended in 1933, some months ago. That is our information. It belonged to this one-man company, Krogstadt and Company I think is the name—some man in Sweden—and it is quite impossible to get encouragement from any source to believe that there is any possibility of getting anything out of them on the guarantees in the charter party. The charter party apparently was arranged by a man named Harland, who, Mr. Richardson told us on the examination at the time the creditors were there, represented in obtaining the lease for the Richelieu company both the Richelieu company and the owners of the boat. It is quite impossible now to say for certain that anything can be obtained from that source. These farmers feel that they were misled by the stories that came from the Department of Trade and Commerce or the Department of Agriculture. Just here may I say it is difficult for me to understand why the equipment of boats for cattle, which is a matter for the Department of Agriculture, should be carried out by the Department of Trade and Commerce. I should like to know from the Minister of Agriculture, because I see him here, whether he recommended these people or recommended the fitting out of either of these old tubs to carry cattle. I would like to know what inquiries were made to ascertain the standing of this company, why they should be given a bonus to fit out boats when they were without any capital, thousands of dollars in the red when the bonus was given—why that should be done is something I would like an explanation of.

But the thing that affects me and the people in my section of the country most seriously is that we shall have at least twenty of the best farmers anywhere in Canada made bankrupt as a result of this affair. There is no question about that. These men and women who have been toiling to look after the cattle and feed them, who tried to grasp at any market that they could get, have lost that money,

and of course anyone who knows anything about the cattle business knows that the cattle men, in common with almost all who are connected with agriculture in recent years, have had to do their utmost to keep one jump ahead of the bailiff and the tax collector. Then comes this additional blow, and some of the money has been borrowed to enable them to carry on while these cattle were being finished. The banks are threatening to sue them for what they owe, and it will mean putting a number of these men off their farms. I say to the Prime Minister and the Minister of Trade and Commerce and the government—and I am glad to see here at any rate two of the members of the government from the province of Ontario and some from Quebec, because some Quebec people have suffered severely as a result of this company—that I realize it is impossible for the head of any department or perhaps the officers of any department to know everything about all the people with whom they have to deal. I know the Prime Minister and the Minister of Trade and Commerce are sympathetic; I have not learned the opinions of other hon. gentlemen with regard to the matter, but they suggest that there is no provision for meeting a case of this kind. The question is asked: Why did the farmers entrust these cattle to people they did not know? I would answer that by asking: Is the government any more justified than the farmers in trusting a company to the extent of $13,000 to equip boats for them.

If it were not for the great urgency of this matter to the people affected by it I would not trespass upon the time of the house at all at this hour in the session; I am not much addicted to taking up the time of the house. But from some source or other, during the months when these boats were being fitted out and these cattle being sent, literature was circulated through the whole country, mostly newspaper reports, and a good deal of it apparently came from the Montreal Star. Let me give you one paragraph as an indication of what was going out to these people to show how safely they could trust this company because the government was behind it. This is from the Montreal Star, containing a special cable by J. E. Poole, resident correspondent in London, dated London, November 21. I am not going to trouble the house with all of it; I should be very glad to place it on the table or hand it to my hon. friend, but it contains these words:

> The connections of the company with Montreal and the Canadian west, as well as its contact with the Canadian government, are extremely satisfactory.

It goes on to say that the opening ceremony in connection with the new lairages that were to create a new heaven and a new earth in the cattle world would take place about the middle of December, and that it was likely that Hon. H. H. Stevens, Minister of Trade and Commerce, who left Montreal for England a few days previously, would be present. Then it goes on:

Mr. Richardson—

He was the president.

> —paid a very warm tribute to the work of Right Hon. R. B. Bennett, the Prime Minister, and to Mr. Stevens in doing everything possible to promote this movement of Canadian cattle to London. He added that thanks were owing to the vice-president of the Richelieu Corporation, James McDonnell, for unremitting efforts in connection with the scheme for the past two years. He recalled that Mr. McDonnell was a co-director with Mr. Bennett on the board of the old Calgary stock yard.

In the same paper, under date of December 28, just about the time this one shipment arrived and before other shipments arrived in London, another special cable appeared, by J. E. Poole, resident correspondent:

> Only a few of the Canadian cattle that arrived at the Tilbury docks yesterday remain unsold—

It goes on to say that there was a notable attendance of big buyers and that the cattle brought from £17 10s., or about $87.50, to £22 10s. or about $112.50 per head. It adds that despite the long voyage the animals gained in weight, and then proceeds:

> I am informed that a thousand could have been sold, and it is hoped that in the future there will be arrivals of from one thousand to two thousand weekly. Quick sales and good prices are certain if the quality is maintained.

Then in the Commercial Intelligence Journal, issued by the Department of Trade and Commerce under the guidance of the Minister of Trade and Commerce under date of February 3, an article dated January 6, 1934, along the same lines, appears under the name of W. A. Wilson, animal products trade commissioner.

The CHAIRMAN (Mr. Stirling): Is the hon. gentleman going to proceed much longer? If so I must call it six o'clock.

Mr. ELLIOTT: I am almost through, and I will try to conclude quickly. I would prefer to finish now, and I will be as brief as I can. This article tells what a wonderful institution this London cattle mart is and what it has

done for the Canadian cattle trade. It refers particularly to the Neiderholm shipment, as follows:

> The steamer Neiderholm, sailing from Montreal on December 5 with 608 head of cattle, discharged the first cargo into the new lairages on December 25. Notwithstanding the close confinement during twenty days' ocean voyage —the steamer being delayed by ice in the St. Lawrence river and rough weather on the Atlantic—the cattle arrived in a condition rather better than usual. The quality of the hay and grain selected for their feed during the voyage and the ability and care exercised by the foreman and his men in attending to their comfort with bedding, feed and water, contributed effectively to their appearance at the time of landing. Owing to their discharge at holiday time there was some inconvenience in getting an adequate staff organization in the lairages ... All other comforts were complete and the first effort in handling so large a shipment reflected the company's determination to fix and maintain efficient service.

That is the shipment, Mr. Chairman, from which the greatest losses of these many losses resulted to the district to which I have referred. I realize how busy the Prime Minister and the Minister of Trade and Commerce have been, and I want to thank them very much for what they have done in the way of endeavouring to give us interviews in the last few days, and I thank the Minister of Justice for sending a representative of the Department of Justice to Montreal at the time this meeting took place. Some of these people lost only small amounts; others are in such circumstances that this will not bankrupt them, but a number of these people are going to be put out of business, and they are almost out of their heads after worrying about it for the last few months. I should like the government to take into consideration the proposition of giving immediate relief. In the last few years we have given relief for a great many things. There have been unemployment relief, farm relief and various other kinds of relief. We have tried to combat the grasshopper plague and every other plague that came along. I want to direct attention to the fact that in this case the money was taken after the crop was harvested and fed to the cattle and the cattle were marketed. Unless these people obtain some relief very quickly they will not be able to stand the pressure from the banks and their other creditors to whom they owe money.

As I say, mistakes are made by everybody. These farmers may have made a mistake as the government did; I do not think there is any doubt about that. The old way of shipping was to not let your cattle out of your charge without receiving a draft, and we usually got almost the price of the cattle before the boat left the dock. But they answer, "We saw in the papers and we were told by these people, whom we believed"—and it was true—"that the government had assisted this concern, that the government was fitting out the ship and the government was back of them." Of course the government was back of them, to the extent of fitting out these ships. A great deal of money has been expended in various kinds of relief in past years by every government. There never was a more deserving case than this, and I am asking the Prime Minister, the Minister of Trade and Commerce and the Minister of Agriculture, as the head of the government and the minister of the departments most directly concerned, to see if it is not possible to find a way to at once assist these men who are in an extremely critical financial condition at the present time.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

The house again in committee of supply, Mr. Tummon in the chair.

MAIL SUBSIDIES AND STEAMSHIP SUBVENTIONS

Additional amount required to provide for ocean and coastal subsidies, and to assist in the carriage of lumber from Churchill to the United Kingdom, $209,036.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Chairman, with all that the hon. member for West Middlesex (Mr. Elliott) had to say before the dinner recess in regard to the unfortunate experience of a number of farmers in the western section of Ontario I am quite certain all hon. members of the committee will sympathize. Furthermore, speaking for myself, may I add that with what he had to say regarding those who were responsible for the losses made I can concur. The question of responsibility is one upon which, of course, as Minister of Trade and Commerce I must definitely take a stand. The facts are as follows.

During the past two or three years there have been persistent demands from exporters of cattle in Canada for additional space on ships. There was a hesitancy on the part of ship owners to equip their ships for the handling of cattle. They told me, and I presume others, that one of the reasons why they hesitated to equip their ships was that the initial cost was considerable, and that unless they were assured of a number of voyages

they could not afford so to equip them. They further advised me that in the past they had been so frequently disappointed in continuity of exports that they would not take the risk. Consequently there was a very great shortage of cattle ships in the year 1931, and again later in the winter and spring of 1932-33. So, through a vote of this House of Commons and with the full knowledge of parliament, the Department of Trade and Commerce undertook to assist in the installation of cattle stalls in ships for the purpose of carrying cattle across the Atlantic; some sixteen ships in all were equipped. Some of these were done in 1931, and others in 1933. Thirteen or fourteen ships were equipped in 1933. The attitude of the government, as expressed through the Department of Trade and Commerce, was simply this: We would pay a certain sum towards the cost of the installation of stalls. Usually these would cost between $12 and $16. I think the average we paid was about $12 per stall towards the cost of installation. The shipping company in practically every case undertook to make at least three trips. It worked out to about $4 per head per ship. We did that in a great many cases. The space on these ships, however, was to a large extent controlled by some cattle brokers in Montreal, and by some shippers in the west.

Last year representations were made to me to get some additional ships, after we had equipped a number. We thought at first a sufficient number had been equipped, but strong representations were made to the effect that additional ships were required. We looked about for ships, but found none available. Later, about the middle of the summer, the Richelieu Corporation, to which the hon. member has referred, asked for assistance to equip two ships. At first I believe they suggested they would equip three. I told them we would render them the same assistance we had rendered others, provided they could show that they were going to carry on the handling of cattle for a reasonable length of time. Meantime the Richelieu Corporation had sent a representative to London who had made contacts with the port authorities there and secured from them an agreement to open lairages in London. Canadians had been trying for a great many years to induce the port authorities of London to open that port for the landing of cattle, but until last year without success. The reason was there were no ships running direct from Canada to London carrying cattle, and the port authorities did not wish to have cattle lairages in the centre of the port, contending that it was inconvenient. However representatives of this firm, without any authority or assistance from the government and quite on their own responsibility, went to London and made arrangements with the port authorities of that great city for the opening of these lairages. From a Canadian standpoint the facility is certainly a desirable one, provided we could get the ships to run to that port. Those we had equipped were running to Glasgow, Cardiff and Liverpool; none were running to London. It was late in the summer of 1933 that I agreed to pay for the installation of stalls in two ships and, if they could secure them, in three, for the Richelieu Corporation. They put in the stalls.

It has been represented that these ships were not fitted for the carrying of cattle. That is the first time I have heard that claim advanced, because none of these ships was equipped until after inspection by experts in the Department of Marine who saw that they were equipped in accordance with British Board of Trade regulations. May I add that the regulations of the British Board of Trade are exceedingly drastic and exacting; in fact I sometimes think they are too exacting. The fact remains that we must comply with those regulations; otherwise the cattle would not be allowed to land in the ports of Great Britain. Representatives of the Department of Marine always assist us in this respect, and see that the ships are properly equipped in accordance with the British Board of Trade regulations. In this instance we did precisely what we had done with some fifteen or sixteen other ships. We paid for the cost of installing the stalls, in one instance in the sum of about $600 and in the other about $400, for the purpose of carrying cattle from Canadian ports to Great Britain.

I must point out to the committee that in no instance did we assume any responsibility, nor have we ever been asked to assume any regarding the shipping of the cattle. All we have done is to assist in providing facilities for the movement of the cattle from Canada to Great Britain. We did have a letter from the hon. member for South Huron (Mr. Golding), to which we replied. I have not the hon. member's letter before me at the moment, but part of it was read this afternoon. There was something in the nature of a complaint in his letter and, in part, my reply was as follows:

> It is most unfortunate to receive a complaint of this nature, particularly as we wish to do everything to facilitate the exportation of live stock from Canada to Great Britain, and, as far as possible, reduce all handling, freight, and miscellaneous charges to a minimum so that the net return to the farmer can be increased.

The hon. member may have his letter before him and he will see that the complaint made

was in connection with the charges. The object we had in view, which I have not mentioned, was to keep the charges down. Before we undertook the equipping of these ships the charge made was $20 per head. We secured a reduction in 1931 to $15 per head, and I think in 1933 this charge was reduced to $12 per head except in the case of a few shipments in the autumn months. All of the steamship companies which made contracts with us in connection with having stalls installed observed their agreements and charged only $12 per head. Late last fall some of the companies which had fulfilled their obligations raised the price to $15 per head. My letter continues:

After reading your letter and its enclosure very carefully, I can only mention that this department can hardly interfere with the trading methods of private individuals and I think you will appreciate our position in this respect. If Canadian exporters are dissatisfied with their negotiations with this company, I suggest that they communicate with any of the following firms:

Donald Munro & Sons, Reg'd., Board of Trade Building, Montreal.

Alex. Muir, 902 Burnside Blvd., Montreal.

D. A. Campbell, Board of Trade Building, Montreal.

The reason I am mentioning these other agents is because I know from actual experience that each of them handles large numbers of live stock regularly and in a most satisfactory manner to all concerned.

We indicated the firms which could be retained for the handling of stock. I do not think there is any object in prolonging the discussion. As I have stated, our responsibility was one and one only, namely, assistance in the equipping of ships. We took no responsibility in any instance in connection with the movement of cattle, and knew nothing whatever about it.

One point further. The hon. member for West Middlesex in his closing remarks put forward a plea for the farmers who had suffered. We have examined into the situation to see if there was any way in which we could assist them. We find that there are no grounds upon which the government might properly be called upon to compensate those who lost. I may say that the Prime Minister, the Department of Justice and our department are ready to give every assistance in the working out of prosecutions or anything of that character which might be necessary should the farmer shippers feel so inclined. I understand the Department of Justice sent a representative to Montreal, along with others who represented the farmer shippers, for the purpose of looking into the legal side of this matter. I may say to the hon. member for West Middlesex that if there is any service which the government of Canada can render to bring justice to those who are alleged to have been guilty of practices which would warrant their being brought to the courts, we are ready to render that service in order to give assistance to those who may desire to take action along that line. I am sorry to say that up to the present I can find no ground upon which we could be expected to take responsibility for the losses which have occurred. I close with the repetition of the statement I made a moment ago, that the only part we ever took in any of these matters was to give assistance in equipping the ships with stalls for the purpose of facilitating the movement of stock to the British market.

Mr. MOTHERWELL: Mr. Chairman, I have only one or two remarks to make. I think this mistake which has occurred is due largely to the fact that the Minister of Trade and Commerce (Mr. Stevens) has once more been getting into Department of Agriculture business. As long as you have two ministers trying to administer one department you are going the have mixups like this. They will occur as long as the Minister of Trade and Commerce attempts to run every branch of the Department of Agriculture, such as milch cows, Yorkshire geldings, Percheron mares and now this putting of stalls into boats for the shipping of stockers and such like to the old country. We thought the Minister of Agriculture (Mr. Weir) was doing this as his friends indicated that he was. It seems to be a case of wanting to get the credit and passing it around as another government life saver. I suggest that the government come across and pay this bill. That is what should be done and I think that is what would have been done had the Department of Agriculture been handling this matter. The moment the government starts putting in stalls, it is almost an O.K. that the firm is at least solvent and worthy of being patronized. If the Department of Agriculture had been handling it these people would have been bonded under the terms and conditions of the live stock products act. Under that act no man can go into the market either on a home or export basis without being bonded. He must have a trading account established in what is known as the bank trust account. This policy has taken years to work out and if the Minister of Agriculture had been handling this matter I imagine he would at least have passed on the information to the farmers that the government were not taking any responsibility for this man's bona fides. They would have seen that he was bonded under the provisions of

the act. I do not suppose the Minister of Trade and Commerce knew there were any such provisions in the live stock products act, and he certainly does not seem to have passed on this information to the unfortunate shippers. I think that either the Minister of Agriculture should hand over all the rest of the Department of Agriculture which the Minister of Trade and Commerce has not swiped off or else the Minister of Trade and Commerce should shake the dust of the Department of Agriculture off his feet and let the minister operate his own department. That is what caused this difficulty, and the only way I see out of it is for the government to cover up that loss, because certainly by their fooling around with this boat they left the impression on the shipper that all was well with regard to both the boat and the owner thereof, who was a cattle exporter as well. That is all I want to say in regard to that matter. I cannot understand any government for three years keeping these farmers out of their money. Dating back to Doctor Robertson's time, many years ago, every precaution has been taken to secure the farmers from loss through scallywagging dealers in cattle who were not worth the load of cattle and must be bonded before anybody would be justified in entrusting his property with them. But that was not done, and I would draw the matter to the attention of the Prime Minister. What is the use of haggling over technicalities? The Minister of Justice will tell them there is no obligation. He will be prepared possibly to tell them anything they want to be told. It is easy for him to ask them: What do you want? We think we are not responsible, the government say, and it is very easy for the minister to say: Well, you are not. That is the way it goes. But there is a question of equity in this at all events.

There is one thing sure. While the farmers have been almost giving their cattle away in the last four years, and in twenty months they were giving away one out of four on account of the adverse exchange, now these fellows are giving them all away, and I wonder if they had also to pay freight and insurance in advance? I do not suppose they did. Surely the cattle would be good enough to cover that.

It is just the same old story so far as this government is concerned. This may be their last session and the longer it goes the more it exposes their incompetency, hopelessness and helplessness. It shows at every turn of the tide as we find out more about these things. No wonder the government wanted to prorogue last Saturday. I think they should have prorogued a month ago and saved us a lot of this blooming legislation which they have been trying to strangle the opposition with in the last thirty days.

Mr. SPOTTON: Mr. Chairman, someone has said "save us from our friends". The hon. member for West Middlesex (Mr. Elliott) and myself were called in some four months ago on this matter. We worked upon it as a business matter and I can say for him and his colleagues that they have kept anything savouring of politics absolutely out of the matter. I am very sorry that the last speaker (Mr. Motherwell) has striven to inject some political prejudice into it.

The facts as I see them are these. The farmers in the counties of Huron, Perth, Lambton and Middlesex had a meeting at Ailsa Craig or somewhere in the county of Middlesex and passed a resolution asking me to introduce a delegation to the Minister of Trade and Commerce (Mr. Stevens). They came to Ottawa and the Minister of Trade and Commerce gave us a very kindly reception indeed. We presented this matter to him as best we could, and those farmers that night were abundantly fair. They gave the Department of Trade and Commerce a great deal of credit for fitting up ships to assist in the passage of cattle to England. I myself with other members have waited on the Minister of Trade and Commerce and the Minister of Agriculture (Mr. Weir) asking that some assistance be given by way of fitting up ships. The ex-Minister of Public Works and myself, instead of acting like children, stubbing our toes and running to a parent, decided that we would go in and try to clean up the matter first. This we did. We had a meeting in Montreal and this firm was taken into bankruptcy. Then we had the Clarkson firm, a reputable firm of auditors, go into their books. A padlock was put on the door and Clarkson's were put in charge.

We find that there are no assets. There never were any assets, and we are not trying to place blame upon the Department of Trade and Commerce particularly, but we would ask the Department of Trade and Commerce not to assume the attitude that they cannot make mistakes. While this government is as free from making mistakes as any government I have ever known, yet I have never known any men who were perfect, and my plea to-night with the administration is not to assume the attitude that these farmers are the men who made the whole mistake. I think that is most unfair.

I will ask the men from western Canada if they know Captain Robert Pearson, John Pearson whose two uncles were in the Ontario legislature, and men of no mean mentality. By the way I do not think we have any longer any supermen. To me in the future the opinion of the man on the street will be just as good as that of the superman because it was the supermen who led us into the depression and they were nowhere to be seen to lead us out of it. I would ask any people in western Canada if they know this man Pearson in my riding who has lost $2,000, and can afford to lose it, and who is now out west again to bring home more cattle and fatten them and pass them on to the old land. But Mr. Chairman, there are men who cannot afford to lose this money. Yesterday I drove around my county and it was borne in upon me that there was going to be a sad wreckage. I came upon the parish priest who had been cheering up two parishioners, urging them to hold on a little longer, that some relief might come. I was not able to say that there would be relief although I had been led to believe here and there that there might be a little ray of hope.

I had gone to the bank managers who loaned the money asking them to be patient and now to-night I am asking the government not to take any cold business attitude on this matter. It is the duty of the strong to protect the weak. To say that we fitted out sixteen ships and that fourteen were good and two were bad is a fair batting average, and the minister should be given credit that he selected fourteen out of sixteen that were good. I do not think he should be at all offended to be told that two of the sixteen which his department selected were tubs—and, if they had searched the great metropolis of Montreal they could not have found three greater crooks upon whom to confer a diploma to go out into my county than the men they selected. E. A. D. Morgan is consulting solicitor of the company. When I said to him, "Mr. Morgan, you are more than solicitor," he got angry. He was the promoter, the man who came with high pressure salesmanship and put the thing over. There might be a medical college that would grant a diploma to some man who never studied medicine a day in his life. They might give him a diploma to go out and operate on the people of this country. And here were people who, according to Clarkson's report, did not even have the proverbial shoestring to start on, not a shoestring, not a dollar. If the officials of the Department of Trade and Commerce had asked to see this company's charter, they would have seen the most fourflushing document that ever decorated a page. This is what these men who had no capital proposed to do according to their charter:

To build, acquire, lease, or operate elevators, buildings, or wharves, for the handling or storage of grain.

To buy, sell, or deal in cattle, horses, hogs or any and every kind of live stock and poultry including feeding, fattening, and in connection with the business of the company to establish stores, agencies, depots and other markets for the sale of the products of the company, including the right to manufacture, ship, deal in and sell canned goods or prepared meats, or foods of all description.

I suppose the officials of the Department of Trade and Commerce who were supposed to be a light unto the feet and a lamp unto the path of the farmers of this country asked these people to show their testimonials. Further, they were going—

To build, purchase, lease and operate vessels whether propelled by steam or otherwise, and to carry cargo of any description in connection therewith.

Nay, more:

To promote, organize, manage or develop or to assist in the promotion, organization, management or development of any corporation, company, syndicate, enterprise or undertaking and to do all acts necessary or incidental thereto.

This may be legal phraseology, but I call to my witness the wrecks that have been strewn over this country in the past ten years, financial wrecks aided by legal phraseology. Imagine this, Mr. Chairman:

To subscribe for, underwrite, buy, sell, exchange, hold, hypothecate or otherwise deal in the stock, bonds, debentures, and other securities of any municipal, industrial or financial corporations or companies.

To enter into any arrangement for sharing profits or union of interests with any person or company carrying on or engaged in or about to carry on or engage in and to take or otherwise acquire shares and securities of any such company; and to sell, hold, resell with or without guarantee or otherwise deal in the same.

A company that never had a dollar, did not have a dollar and, heaven knows, that will ever have a dollar! Two out of the three men bankrupt and the other a lawyer whose name is to-night a by-word in the city of Montreal! Those were the three men who were granted the diploma studded by thirteen thousand golden dollars, to go up into my county and say to my farmers: "We would like to buy your cattle." "Well, we do not know who you are." "Well, we are just this good that the Department of Trade and Commerce spent $13,000 to fit up boats to assist us to ship your cattle." That is a

pretty fair testimonial. I can think of no finer diploma given to any body of people, no greater licence to go out and do business among my farmers who feed a steer a thousand days at six cents a day, pay the freight to Montreal and give those steers to these Montreal scalawags.

I shall not trust myself further. If the officials of the Department of Trade and Commerce are not going to take any blame in this matter and are going to lay the blame on my farmers that they are a bunch of dumbbells, and if the officials have been criminally negligent, then it is my duty as the representative of my farmers to say a word on their behalf. We thank the Minister of Trade and Commerce for his courtesy all through, and I do not think it would hurt him very much to-night to say that although the farmers perhaps did not use good business judgment, it is the duty of the strong to protect the weak, but inasmuch as we put stalls in boats that were not seaworthy—and if there is any doubt about that, with the knowledge I have I say: Give us an independent tribunal before whom we can place the facts—we are willing to assume the responsibility of proving our case. My attitude in this matter has been entirely changed within the last few days, when I learned of a brief that the officials of the Department of Trade and Commerce had prepared in which they stated they took no blame in the matter, I claim that they are criminally negligent and I shall assume full responsibility in any capacity this house asks me, to prove my statement that this man McDonnell who was a bankrupt, this man Richardson who was a bankrupt and this man Morgan whose name is not sweet-scented at all in the city of Montreal, were granted a licence when they should not have been. We are all human; we all make mistakes and the officials of the Department of Trade and Commerce, when their minister was very busy with other things—and his name will go down in history for his present activity—when he could not oversee everything, must have been responsible. But do not let us wrap that cloak about us and say: We cannot make a mistake. I never yet knew a government that did not make an occasional mistake. Inasmuch as mistakes have perhaps been made on both sides of this question; inasmuch as there are no newspaper reporters here and we are just gathered in this chamber in the closing days of the session I would suggest that he who gives quickly gives twice and I would say this: Halve the responsibility. Let my farmers stay on the land of their fathers and grandfathers and at least let the department admit that they endorsed unworthy men and fitted up unseaworthy ships and that they will halve this with my farmers.

Then, of course, the bugaboo is: There is no channel through which this can legitimately flow That is always the way with the old Ontario farmer; there is no room in the inn. If there is an explosion at Halifax or a Quebec bridge disaster or grasshoppers out west, or if the Rocky mountains started to erupt to-night and lava flowed down on the minister's side of the mountains, we would find a way; but the staid old Ontario farmer who toils from daylight until dark can be robbed by financial thugs in the city of Montreal, aided by a diploma granted by the Department of Trade and Commerce, and yet they say: There is nothing we can do for them.

Perhaps I have spoken a little heatedly in this matter, but my colleague the hon. member for South Huron (Mr. Golding) while there was yet time wrote a letter and the officials of the Department of Trade and Commerce should then have taken cognizance of and looked into the matter. What are these high salaried men in England connected with the departments of Trade and Commerce and Agriculture for if it is not to be a lamp unto the path of our farmers? Why have them at all? You say: There is a precedent. I say: No, because in the future this situation cannot obtain. Through our marketing act such men will be bonded and there can be no further precedent. The department listened to me and others and fitted up boats. But they did not do my farmers any favour when they fitted up a couple of tubs and put them in charge of a crew headed by Morgan of Montreal. I submit this and stand by it, although there has been objection taken, that if this so called Richelieu Corporation, which did not put up a dollar, but just exchanged cheques, if this defunct company had never met with officials of the Department of Trade and Commerce the cattle would never have been stolen, because the farmers never would have dealt with men who could not show some kind of testimonial. I must express appreciation to the department for what they have done in opening that channel; under the British Empire trade agreement we are going to have a channel there for years to come, and having made a little slip in this case let us admit it and let us go fifty-fifty. On behalf of my farmers who are being driven into bankruptcy through criminal negligence of the officials of the Department of Trade and

Commerce in giving credit to unworthy men who fitted out tubs that were entirely unseaworthy, I plead that they be given a little ray of hope, that the government will meet our people half way. That is what we are all doing, if a man owes us $100 we will take $50. Those are strenuous times. My farmers say there are millions for this and millions for that, but there is not a paltry $41,000 for the farmers in old Ontario. I would ask the administration to reconsider this matter on behalf of my farmers and the farmers throughout western Ontario.

Again I wish to pay tribute to my colleague from West Middlesex, the ex-Minister of Public Works. We have toiled for four months without money and without price, and it is hard for us to go home and face our people and tell them that while there are millions for railroads and millions for banks and millions for public buildings that may not be entirely necessary there is not the small sum of $41,000 for the old pioneer stock of western Ontario.

Mr. GOLDING: I just wish to make a few observations in regard to this question. Last summer my attention was called to the operations of the Richelieu Corporation in my constituency. Some of the friends of Mr. Scotchmer, about whom I wrote to the Minister of Trade and Commerce (Mr. Stevens) came to me and told me the position he was in by reason of shipments of cattle made through this company. I told these people that if they would summarize the facts and give me a full statement I would see that it was forwarded to the Department of Trade and Commerce, and I had absolute faith that some action would be taken by the department to protect those farmers from further losses. Reference has been made to a letter I had written to Hon. Mr. Stevens. I think I should read that letter and also the statement that I had prepared in connection with the shipment to which it had reference, which was typical of other shipments that took place from Huron county at that time. We went to considerable trouble to get complete details. We endeavoured to get the log of the vessel and everything in order to lay all the cards on the table.

The statement is as follows:

L. W. Scotchmer is a farmer residing near Kippen, Ontario, in the county of Huron, and the Richelieu Corporation of Montreal is a shipping concern which has been securing shipments of cattle from farmers throughout Huron county for the purpose of sale in the British market.

The Richelieu Corporation chartered the ss. Glentworth for several trips, the first of which left Montreal, May 5, 1933. It is not known whether the Richelieu Corporation chartered the entire vessel or simply chartered space on the vessel, but at all events the corporation made structural changes in order to accommodate cattle on this boat. They own or lease accommodation on a pier in Montreal to which there is a siding so that they can unload from railway cars at the pier and load direct to the vessel without the necessity of taking the cattle to stockyards in and around Montreal. This should enable the Richelieu Corporation to eliminate considerable expense to its own and to the benefit of the persons dealing with them.

The program followed by the Richelieu Corporation apparently has been to send agents or representatives throughout the country to the farmers to book space on their boat according to the number of cattle the farmers are prepared to ship. It is represented to the farmer that the total cost of freight by rail, care, feed, water transportation and commission for selling the cattle in the British market is $27 per head.

That is what was told the farmers in our county.

When sufficient space has been booked a cattle train is arranged, the cattle are loaded and taken direct from shipping point to the corporations's pier at Montreal and there loaded on the boat.

Mr. Scotchmer, on the basis as represented to him, shipped cattle by the first boat this season, namely on May 5, 1933, there being twenty-six head. These were loaded on cattle cars at Brucefield, Ontario, and the Richelieu Corporation had full control of them from shipment until the sale in the British market. Mr. Scotchmer accompanied the shipment, which was supposed to leave Montreal April 28 or 29, but the shipment did not leave until May 5, owing to the fact that arrangements for fitting the ship for the cattle had not been completed, and the boat's engines were being repaired. Mr. Scotchmer's cattle were fed grain and hay at home and were in good condition, averaging 1,400 pounds, but on arrival at Montreal they were given a poor grade of hay and no grain until they were put aboard the ship. On ship the hay fed was a clover mixture, badly weathered and with considerable mold. The grain was a mixture of uncrushed barley, 40 per cent; uncrushed oats, 40 per cent; and cracked corn, 20 per cent, which is not considered to be a very satisfactory feed.

The boat cleared Montreal 4.15 p.m. May 5, 1933; exchanged pilots at Quebec 4.20 a.m. May 6, 1933; discharged pilot at Father Point 6.25 p.m. May 6, and at 6.50 p.m. the vessel stopped for repairs to engine. The vessel moved next on May 7, at 4.40 a.m. and at 10.50 a.m. stopped again for repairs, moving again at 7 p.m. on May 7; arrived at Halifax May 10, at 2 p.m.; remained in Halifax 3 days repairing engines before proceeding to its destination at Birkenhead. The vessel was not seaworthy with its engines in the condition they were in, and after clearing Halifax could only proceed at half speed and did not arrive at Birkenhead until May 24. The boat cleared from Halifax without cleaning out the accumulated manure. The cattle were not given

enough room on the boat. For instance the spacing of Mr. Scotchmer's twenty-six head of cattle was forty-six feet, three inches.

Mr. Scotchmer and the other attendants had considerable trouble with cattle getting down and being trampled, until finally four of his cattle were moved to the centre of the ship where there was no protection against the sun or rain. With all the failure of feed and accommodation the cattle were badly shrunk on arrival, were in very poor condition and realized third grade instead of top prices. The ordinary experience in shipping cattle is that on ship they increase on an average, with good accommodation and good feed, about sixty pounds per head.

From what investigation it has been possible to make it is suspected that the vessel should never have been permitted to leave Montreal not being in seaworthy condition on the one hand and the accommodation for cattle being badly arranged and much overcrowded on the other hand.

In the final result instead of the cost of freight, transportation, feed, commissions and so forth being $27 per head, they have averaged more than $32 per head.

It seems that the Richelieu Corporation has secured shipments from a great number of farmers, particularly in this district, and that the general experience farmers have had with this corporation, is very unsatisfactory, and quite similar to the treatment accorded Mr. Scotchmer. The obligations of the corporation to the shippers are not definitely understood as there has been no contract in writing in any case. Complaints to the corporation have brought no redress.

On this first shipment Mr. Scotchmer should have realized from his cattle at least $750 more than he did, but his complaints to the corporation have been treated with scant courtesy. It is very important that this matter be investigated fully. Huron county has a great surplus of exportable cattle and many farmers anxious to ship to Great Britain. But, if the export of cattle is to be fostered and made worth while to Canadian farmers, some protection must be given them against shipping corporations transacting business in the manner of the Richelieu Corporation.

That is the statement I had prepared, and this is the letter that accompanied that statement:

Hon. H. H. Stevens,
Minister of Trade and Commerce,
Ottawa, Ontario.

Dear Mr. Stevens:

I am writing you regarding the operation of the shipping company named the Richelieu Corporation of Montreal.

I have had the facts summarized in the enclosed statement.

The gentlemen who have shipped cattle through this company have stated their complaints to me, and I requested that they give me the facts, and I would then bring the whole question to your attention.

I assured them that I was satisfied that the department was anxious to promote this trade, and that I felt that any action taken by any company in this shipping business, which would deprive the shipper from receiving proper treatment, thereby causing him a loss, would certainly be frowned on by the government.

I am, therefore, bringing this matter to your attention, not in any critical way, but rather in a way that may be helpful, and that may prevent a recurrence if this man's experience.

I may say that Mr. Scotchmer is not the only one who had complaints against this particular company.

I believe Mr. Scotchmer when taking this matter up with this company, received a letter threatening him with libel—

That is a fact; he did receive such a letter.

—which would appear to be a pretty high handed piece of work. If you desire, I will obtain a copy of this letter for you.

As far as I can learn Mr. Scotchmer estimates his loss on this shipment at around $800 or $900.

There have been some splendid cattle shipped from this district, a load of seven cars went from this district. These cattle weighed around 1,500 to 1,700 pounds. I think, therefore, that we should do our best to see that the shipper receives proper treatment, as the farmer is certainly having a difficult time in making things go.

I will appreciate it very much if you could, through your department, make an investigation into this matter and advise me what action is being taken to protect the shipper in matters of this kind.

Thanking you for any information on this point, I remain,

Sincerely yours,

That is the letter and statement that were forwarded to the Department of Trade and Commerce, to which the minister replied very promptly. My letter was dated October 12 and this reply is dated October 13. The minister did not read the last paragraph, which is as follows:

In indicating the position of the department as I have done it is not my intention to consider the matter as closed, but on the contrary I intend bringing it to the attention of the minister on his return to Ottawa.

That paragraph led me to believe that some action would be taken by the department which, as I said in my letter, would prevent a recurrence of this man's experience. I may say very frankly that I was very much disappointed that the department did not take some definite action. I believe if they had done so the loss that was incurred in November need not have come about. It is all very well to say that we are not responsible for this or that, but I think hon. members of this house feel as at least I feel, that there is a responsibility on me as a member to do my utmost to see that the farmers are protected. I need hardly point out that under present conditions the farmers are absolutely unable to protect themselves. They are unable to enter into any litigation, and if we have men such as those described by the hon. member for North Huron going around the country swindling and defrauding the people I think it is the duty of the Min-

ister of Trade and Commerce or of the Minister of Agriculture or of somebody, at any rate, to try to prevent that sort of thing.

Now I should like to say a word in regard to the fitting out of those two vessels. I think it was clearly indicated in the statement sent to the department that the Glentworth was not a fit boat to carry cattle across the ocean, and when they fitted up the Neiderholm I am perfectly satisfied that it was in worse condition than the Glentworth ever was. When we were discussing this question in Montreal we found from the Imperial Oil Company's statement that for three trips of that boat it cost over $18,000 for fuel. That will give you an idea of what sort of boat it was. It was chartered for three trips, and at the end of the three trips the boat was sold for junk. I do not want to play politics in connection with a matter of this kind; it is too serious to our farmers and those who are affected by these losses to do anything of the kind. As has been pointed out by the hon. member for North Huron, in many cases it means that if these men do not receive some remuneration they will be forced off their farms, which is a very serious thing in times like these. When members bring to the attention of the department a situation in connection with which farmers are being actually swindled, I cannot for the life of me see that they have not some responsibility in the matter.

This is not the only case that has been brought to my attention. This correspondence to which I have referred is in regard to the Richelieu Corporation, but I also had complaints in regard to some other shippers. Mr. Adams, near Seaforth, who has been in the cattle business for many years, shipped twenty-five head of cattle over there, and he was certainly disappointed with the price he received, as he and all the other cattlemen in that district assured me that they were choice cattle. We obtained a report on those cattle, as follows:

> These cattle left Montreal on November 21. landed at Cardiff on December 10 after an ocean voyage of nineteen days.

The hon. member for Marquette (Mr. Mullins), who has shipped a great many cattle, made the statement in the house on one occasion that if cattle were on the water longer than twelve days they began to go back. This load of cattle was on the water for nineteen days. The report goes on to say:

> The trip was said be very rough and the cattle were dirt from head to foot. These cattle had to be rested before they were in shape for sale. Apparently none were sold in Cardiff where they were landed, but had to be moved to Manchester, Liverpool, Birmingham and York. This movement entailed additional expense. It is contended that for some days the cattle were entirely out of feed, and as a result there was a very heavy shrinkage which meant of course instead of receiving top prices they were sold at a very much lower grade.

I just wish to bring these matters to the attention of the Minister of Agriculture and the Minister of Trade and Commerce in order, if possible, to avoid a repetition of the treatment our farmers have received. I agree entirely with what has been said by the hon. member for North Huron, namely that in discussing this matter all parties have endeavoured to keep the discussions free from politics. We are more concerned about helping our farmers. I too want to plead on behalf of those who have suffered such serious losses, and I trust that in some way or another the government may see its way clear at least to some extent to remunerate them.

Mr. BOYES: I wish to make only a few observations on this occasion. At the outset may I say that a number of producers from the riding I have the honour to represent were, unfortunately, involved in this matter. They shipped their cattle through the Richelieu Corporation, and did not receive payment for them. I should be very sorry indeed to have this matter brought forward politically, as was attempted by the former Minister of Agriculture. I am deeply interested in the producers and would do anything within my power to see that they were compensated for their very severe losses. The producers in my constituency were not critical of the government, in fact, they were very thankful that the government had assisted by procuring a market for their cattle in the old country and also they were pleased that the government had equipped a number of boats for purposes of cattle shipment. Upon many occasions they have expressed themselves as being very much pleased with the interest the government has taken.

As some hon. members have pointed out it is unfortunate that the Richelieu Corporation at no time had any finances. They were dealing in cattle before they came into western Ontario, and they reached western Ontario at a time when there were cattle for shipment. They received about six hundred cattle, a very large shipment, and according to the record they have been using the cash receiver from one shipment to pay for former shipments. On this particular occasion, however, they had a great number of cattle but did not pay the shippers. As a result of their

operation I believe a number of shippers in my constituency will become practically bankrupt.

Mr. BENNETT: Did they make any down payment when they took the cattle?

Mr. BOYES: None at all, I understand. I have been interested in this matter to the extent of attending with a number of deputations before ministers, and going to Montreal in the interests of the shippers. Yet we have been unable so far to accomplish anything of real value. I know that the producers are unable to furnish sufficient funds to go ahead in a lawsuit, or to arrest the men at Montreal. I suggest that the government should take some action along these lines. If after furnishing funds to take action against these men it is proven that they have stolen the cattle—and at the present time that seems evident—the men should be severely punished. It may be that the men involved have receipts from these cattle which would enable them to pay something on account. However, if the government were unsuccessful in procuring any funds, I suggest that action could be taken similar to that which on former occasions has been taken, when compensation has been made. We remember what happened after the great Halifax disaster. In recent years we remember that the farmers in the dried out areas in Saskatchewan were assisted when they were unable to produce wheat. If we are unsuccessful in gaining financial support from the men in Montreal, while I do not feel the government is financially responsible, as has been stated by the Minister of Trade and Commerce, yet in the interest of those producers and farmers I appeal to the government seriously to look into the matter and, if possible, to give compensation, as has been done in other cases. I am sure the producers would greatly appreciate such action and certainly I should appreciate it.

Mr. SANDERSON: I wish merely to go on record as agreeing with the hon. members for West Middlesex (Mr. Elliott), North Huron (Mr. Spotton), South Huron (Mr. Golding) and East Middlesex (Mr. Boyes). Two or three farmers in the constituency of South Perth, which I have the honour to represent in this house, unfortunately have lost their money through the shipment of cattle. I have not attended any conferences with any of the ministers. I have not given the matter the close attention which has been given it by the hon. members I have mentioned, because unfortunately when the deputation first came to Ottawa I had been called home. Nevertheless I am vitally interested in the matter and should like to place my remarks on record along with those of the Prime Minister (Mr. Bennett), the Minister of Trade and Commerce (Mr. Stevens) and the Minister of Agriculture (Mr Weir).

I am pleased the discussion has been free from political bias. This is not a political question, but one of justice to farmers who have lost their money because, as the hon. member for North Huron has said, the Department of Trade and Commerce gave a diploma to the Richelieu Corporation to buy cattle and to ship them overseas. I have several reasons in mind as to why I believe the government should compensate the farmers. The Minister of Trade and Commerce admits that his department paid $13,000 to the Richelieu Corporation to equip two boats for the shipment of cattle to Great Britain. When that was done the officials of his department must have satisfied themselves and forwarded the information to the minister that these boats were seaworthy. If that was not done, then the minister made a grave mistake.

Mr. STEVENS: Obviously there is no official in my department who could pass judgment upon the seaworthiness of any ship. The vessels were equipped according to the British Board of Trade regulations and the overseeing was done by experts in shipping matters. We had the assistance of the Department of Marine in that respect.

Mr. SANDERSON: Surely the minister will admit responsibility in this matter, even if his experts did advise that these ships were seaworthy. I think he must shoulder the responsibility when they turned out not to be seaworthy.

Mr. STEVENS: That has not been asserted except in this chamber.

Mr. SANDERSON: I am now bringing the matter to the attention of the minister. I should like to know if the minister made any inquiry through his officials or through the officials of any other department as to the solvency of the Richelieu Corporation when they entered into an agreement to pay them $13,000.

Mr. STEVENS: The firm was shown to have a capital of $20,000 and to be engaged in the exportation of cattle. I have the Dun and Bradstreet report here but I do not think it should be used in this house. However, I shall quote from the report in part. It states that the company is well spoken of in personal respects and that Mr. Richardson is

believed to have supplied the necessary capital for the conduct of the business. As far as it was reasonable for anyone to assure himself on the matter, the departmental officials did so.

Mr. SANDERSON: The minister says that he has some confidential information from Bradstreets.

Mr. STEVENS: No, I said I had the report. I sent one copy across and I shall send another. I do not think it is fair to Dun and Bradstreet to bring their reports into the house. They are supposed to give a confidential service and I think hon. members will agree that it is scarcely fair to them to use their reports. Personally I have no scruples about using them.

Mr. SANDERSON: Speaking for myself only, I have not the slightest hesitation in saying that there should be no secrets in connection with this matter.

Mr. STEVENS: There are no secrets.

Mr. SANDERSON: A group of farmers in western Ontario have lost $40,000 because they sold their cattle to this Richelieu Corporation to be shipped overseas. Why was that loss sustained? Because it was represented to the producers of these cattle that the government was behind that corporation.

Mr. STEVENS: There was no justification for that statement.

Mr. SANDERSON: I am not quite so sure that there was not some justification for it. Surely the minister will not contend that the information he got as to these men being respectable and good citizens was sufficient to warrant the turning over to them of $13,000 of the taxpayers' money and practically giving them a licence from the government.

Mr. STEVENS: I admit no such thing. As I have said already, all that the government or the department did in this or any other case was to assist in the equipping of ships for the movement of cattle. We gave no licence and we gave no certificate. Neither in this nor any other case has the government taken part in the buying or selling of the stock that went on the ships.

Mr. SANDERSON: I want to be frank with the minister and I think he will be frank with me. Is he satisfied that he was justified or that his department or the government was justified in paying $13,000 to the Richelieu Corporation to equip these boats so that they would be suitable for the shipment of cattle? Is the minister satisfied that he did not make a mistake?

Mr. STEVENS: With the knowledge that we had I am satisfied that there was no other course which we could have adopted under the circumstances. Let me say to the hon. gentleman and to other hon. gentlemen who have spoken that very strong pressure was brought to bear for the opening up of traffic between Montreal and London.

Mr. SANDERSON: I will agree with that.

Mr. STEVENS: This corporation had control of the lairage in London. They spent considerable on that and I suppose that is more or less the reason why they went bankrupt. Pressure was brought to bear upon me to assist in the equipping of ships on that particular route. None of the ships which had been equipped were running to London; they ran to Cardiff, to Birkenhead and to Glasgow. Hon. members of this committee and others pressed me to assist in obtaining ships which were not under the control of those in the business which I have mentioned already. It was represented to me that these people had such control of the space that shippers in western Ontario could not get their cattle on the boats. I was urged to secure ships for this route and these two were secured. I had to leave the question of their seaworthiness to the insurance companies and to the inspectors. I could not assume responsibility for the seaworthiness of the ships. I know of nothing further which could have been done in connection with the securing of ships and the constructing of stalls for the movement of cattle to the London market.

Mr. SANDERSON: I should like to put another argument to the minister. I shall leave the question of the Richelieu Corporation for a moment. For some months the Minister of Trade and Commerce has been chairman of the special committee of this house which has been investigating the question of price spreads, fair wages, fair returns and all the rest of it, and I give him credit for starting that investigation. His object apparently is to investigate the question of undue profits. I put this question to him. Here is a matter affecting the farmers of western Ontario. They sold their cattle to this dummy company apparently under the endorsation of the Minister of Trade and Commerce.

Mr. STEVENS: No, Mr. Chairman, I cannot allow that statement to go unchallenged. May I just intimate to my hon. friend this:

Before this question came up in the house, so far as I am concerned and the members of the government we have been exceedingly anxious to find some way whereby assistance might be given to those who suffered, not because of having responsibility in any direct way at all, but because of the suffering of the farmers. But if my hon. friend is going to inject into this matter an alleged responsibility that is not ours, then in justice to myself, the department, and the government I shall certainly resist him to the limit. Let us be perfectly clear on that. My hon. friend cannot impose upon me responsibilities which are not mine. I take full responsibility for what has been done for which I am responsible.

Mr. SANDERSON: Let me say to the minister that I have not gone nearly so far as one of his own supporters.

Mr. STEVENS: Oh yes, my hon. friend did.

Mr. SANDERSON: No, I have not, and I have been very patient and lenient with the minister in his interruptions. My good friend from North Huron went much farther than I have done, but I am not afraid of the attitude of the Minister of Trade and Commerce in what he said to me in the last few minutes before he sat down. I am pleading for the farmers in South Perth who have sold their cattle and have lost their money. I do not know whether the minister knows what a loss of $2,000 is to the average farmer in western Ontario to-day. Our farmers for the last four years have been plodding along and losing ground every day with the result that all of them are almost bankrupt.

Mr. ROBINSON: Not at all.

Mr. SANDERSON: A great many of them are. My hon. friend may be able to speak for the farmers in Essex but I am speaking for the farmers of South Perth.

Mr. ROBINSON: I meant the farmers of South Perth.

Mr. SANDERSON: I think I know them as well as my hon. friend from Essex does, and I want to say to the minister that I do not think he realizes the plight of the average farmer in South Perth or in any of the western counties of Ontario.

Mr. STEVENS: I do, and I am just as anxious as my hon. friend to find ways and means of helping them.

Mr. SANDERSON: I am very glad to hear the minister say that. My object in getting up to-night is not to get into a controversy with the minister at all. I want to plead with him and with the Prime Minister and the government to be fair in this matter. I do not think my good friend the Minister of Agriculture can escape some responsibility in this matter, because primarily the shipment of cattle comes under his department. What he had to do with making the arrangements with the Richelieu Corporation I do not know. He may not have had anything to do with it at all.

Mr. WEIR (Melfort): Nothing whatever.

Mr. SANDERSON: But the minister will admit that propaganda went out through all this dominion that this government had at last found a market for Canadian cattle in Great Britain, and these shipments that went forward and were not paid for were part of the shipments for which the minister and his officials said they had found a market in Great Britain, and a market for large quantities of Canadian cattle. I do not charge the minister with any responsibility, but I do say to him that he should make some statement to this committee to-night in regard to this arrangement with the Richelieu Corporation. The Minister of Agriculture will perhaps understand me better than the Minister of Trade and Commerce, and I plead with him for the farmers of western Ontario. The Minister of Trade and Commerce said to-night that he does not see how any compensation can be paid in this unfortunate matter. I do not want to take up the time of this committee, or to get into any political discussion, but I do want to point out to the minister, the Prime Minister and the government that under the legislation they have brought down in this chamber in the last four years they have found money for almost anything and everything in the way of relief—unemployment relief, and I do not criticize that at all, and farm relief. Well, here is an instance of a dead loss of $40,000 to farmers in western Ontario who already are so burdened that they really have not the money to pay their taxes. They got into this arrangement because it was represented to them that the government were behind it, and to a certain extent the government was behind this Richelieu Corporation.

Mr. STEVENS: No.

Mr. SANDERSON: Surely this government can find $40,000 to reimburse these unfortunate shippers of cattle who lost every dollar. They did not get a single solitary dollar back. It is all gone—a dead loss. Surely this government could do something in a case so extreme as that.

I do not want to enumerate what this government has done for the western farmers or the amount of bounties they have paid out, and so on and so forth, but here is a concrete case where these farmers have been taken in, as my good friend from North Huron said, by financial crooks who represented to them that the government were behind them, and in that way the deal went through. I do not think I can put my case any stronger, Mr. Chairman. My hon. friend from North Huron said he thought the government should find some way of recompensing the farmers to the extent of fifty per cent.

Mr. SPOTTON: Would the hon. member be willing to call the amount which the government is going to give a compassionate allowance? That would not involve accepting any responsibility.

Mr. SANDERSON: It does not make any difference to me what they call it as long as they pay it. If it is a compassionate allowance I should say the government should pay the whole hundred per cent, the $40,000, and not merely a portion of it. They should pay the whole loss of the farmers of western Ontario who were in this unfortunate affair, and not merely fifty per cent. Surely this government can do that. I know that the Prime Minister has been taking the matter into consideration. I do not suppose he is moved by anything I am saying to-night but I do know that in the bottom of his heart he believes that these farmers have a case which they can bring before this government and that they should be paid back the money they have lost. I hope that to-night before we prorogue the government will announce that they will find ways and means of paying this loss. It is not difficult for they have found ways and means of paying money for other purposes, and this is a just claim which should receive every consideration from this government. I hope before the house prorogues we will have a statement from the Prime Minister or the Minister of Trade and Commerce that the government will recompense these farmers.

Mr. BENNETT: Mr. Chairman, I have taken the trouble to read the papers in this matter and I have also had an interview with the former Minister of Public Works, the member for South Huron, the member for North Huron, and the member for the other Middlesex. The government could not under any circumstances be made primarily liable in a matter of this kind. If the statement made by the former Minister of Public Works is correct, and I accept it as such, it is perfectly obvious that there never was a company and that the three men in question are personally liable for this amount. That is, if they are directors of the company and the circumstances are as stated, their conduct has been such as to make them personally liable. The government will take steps to investigate the matter thoroughly and will not mind expending some money if it is necessary for the purpose of prosecuting them for theft if the facts are as stated. But to ask the government to pay because men have made improvident bargains is something that will not be found in any of the relief acts and certainly has not been advanced in what has been said within the last few minutes. It is quite clear that there never has been a case with respect to any of these farmers where it is alleged that there was any failure to supply the equipment for carrying the cattle. The representations were that the government had supplied stalls and put them on the ships. It is admitted that these stalls were supplied. It is admitted further that the cattle were carried on the ships. The government assumed no responsibility for the ships. Lloyds, I assume, or some other firm, were the insurers and satisfied themselves because the work was done with the approval of the Board of Trade so far as the equipment was concerned. But if these men are worth the money they are liable civilly and they are liable criminally. The government will investigate both phases of the matter and if there is any assistance that can be given for the purpose of securing the return of the money stolen from these men under the circumstances as stated, we will give it. It will be time enough later to consider what the position of the government may be.

Item agreed to.

Miscellaneous—
Dominion Franchise Act, estimated expenditure for preparation and printing of basic lists of electors, $600,000.

Mr. MACKENZIE KING: I see that the Prime Minister is leaving the house. As he may not be back before we conclude with supply I should like to ask him a question, if he will permit me. I just wish to ask my right hon. friend whether his attention has been drawn to a speech that was made yesterday in London, England, at the Dominion day dinner given by the High Commissioner for Canada, the Hon. Howard Ferguson, in which Sir Edward Peacock is reported to have made a strong plea for the formation of a national government in Canada, alleging that Canada alone of British self-governing coun-

tries lagged behind in the formation of a national government, and that the problems of Canada could not be solved except by cooperation of the two great parties in the state and that if they failed to do so the progress of Canada could not fail to be retarded. I ask this question especially for two reasons: first, because Sir Edward Peacock has been mentioned as a possible governor of the new Bank of Canada, and, secondly, because when I withdrew my motion of want of confidence in the present administration the other evening in order to expedite the business of the house, I had not expected to see what is the equivalent of a want of confidence motion in my right hon. friend's government made at a Dominion day dinner given in London under the auspices of the High Commissioner for Canada.

Mr. BENNETT: The vote of want of confidence was in any dominion government the right hon. gentleman might form as well. It is observed he was pleading for a national government. Such a distinguished man as Sir Edward Peacock represents neither the right hon. gentleman nor myself. I knew nothing of his speech. When I saw in the newspaper that he was to speak I was awaiting the report of it in the daily press this morning.

So far as the other question is concerned I should like to inform the right hon. gentleman and the country that Sir Edward Peacock's commitments in London in the great position that he occupies would preclude the possibility of his accepting the position of governor of the Bank of Canada if he had been offered it. He has not been offered it either tentatively or otherwise, so I think I have answered all the questions the right hon. gentleman has suggested.

Mr. MACKENZIE KING: Would the Prime Minister approve what Sir Edward Peacock has said?

Mr. BENNETT: Perhaps I might ask the right hon. gentleman what he thinks about it.

Mr. MACKENZIE KING: I think almost any government would be better than the present one.

Mr. BENNETT: Well, I fancy the right hon. gentleman means what he says, that in his opinion any government would be better than the present one. I can also say that I can conceive none that would be as bad as the one that he would create.

Mr. MACKENZIE KING: The right hon. gentleman may have an opportunity of seeing the effect of a change before long.

Item agreed to.

Trade and Commerce—

Commercial Intelligence Service, including miscellaneous expenditure in connection with Canada's trade — further amount required, $50,000.

Mr. MOTHERWELL: This afternoon I told the Prime Minister that I was becoming so desirous of having prorogation that I was going to waive any discussion on this particular item under the heading of Commercial Intelligence Service. With the understanding that he will give me three minutes to correct two or three mistakes I thought he was correcting me in shortly after lunch, I will waive any claim here. He made what I thought were three corrections of mistakes I made, one with regard to the embargo on Russia being in 1931. Well, the order in council was. What I intended to say was that the legislation authorizing the embargo was passed at the special session in 1930 as it was. That was about when Russia got up in the air; it was not when the order in council went through; it was when the authority was passed by this parliament to impose an embargo on any country that was not a contracting party to the treaty of Versailles.

Mr. BENNETT: But Russia signed the agreement.

Mr. MOTHERWELL: Russia was not mentioned in this legislation, but everybody knew to whom it referred. We are getting bolder in these matters now. When we want to talk about the Doukhobors we say that the Doukhobors are to be disfranchised, so the government is getting worse instead of better in that respect. Russia signed the agreement but not the quota. Well, what was the agreement without the quota? The quota was the crux of the whole matter, so I think my statement was absolutely correct.

The next mistake mentioned by the Prime Minister was that any offer that China had made to sell wheat would have been at a loss to Canada of from ten to twenty cents a bushel. The government should not be waiting for people to come round to make offers to them at this time. They should be out merchandising wheat and even if they had lost ten or fifteen cents a bushel, they have lost more than that on the storage of this wheat in the last three years with the wheat still unsold.

Mr. BENNETT: I merely say that the government has substantial credit at present-day prices of wheat.

Mr. MOTHERWELL: What is that—a substantial credit?

Mr. BENNETT: Yes.

Mr. MOTHERWELL: That had nothing to do with this agreement of McFarland's. My right hon. friend indicated that there would have been a loss of ten to twenty cents a bushel on accepting any offer that China may have made for a quantity of wheat.

Mr. BENNETT: Which the government did not own. I tried to make it clear to the hon. gentleman—perhaps I did not speak loud enough,—that the government owned no wheat that it had to sell. The Chinese proposals contemplated the purchase of wheat at a price that involved a loss of ten to twenty cents a bushel on the part of those who had it to sell.

Mr. MOTHERWELL: That could easily have been fixed up; it is only a technicality. Someone lost more than fifteen cents in carrying charges during the last three years; do not make any mistake about that. I think that is all I have to correct.

An hon. MEMBER: That is not very much.

Mr. MOTHERWELL: And the statement on the Chinese wheat situation can wait a little longer; after prorogation there will be opportunity of discussing it publicly.

Mr. GARDINER: Before that item is carried may I ask the Minister of Trade and Commerce if there is any further information as to when it is intended to publish the Canada Year Book?

Mr. STEVENS: Yes, it will be published, but two years will be carried as one. There was considerable delay in getting certain vital information for which the final figures were being worked out in connection with the census, and which it was desired to include. We are doing what was done I think in 1927-28, carry the two years into one, but the book will come out a little earlier in the following year.

Mr. GARDINER: Can the minister give any information as to the cost of the Canadian Annual Review which is sent to members annually? Who is responsible for sending that publication to the member?

Mr. STEVENS: I could not answer that question this evening. I have not the information under my hand.

Mr. GARDINER: May I suggest to the minister that he look that matter up and compare the value of the information given in the Canada Year Book with that in the Canadian Annual Review. It seems to me it is money wasted to send such a publication to members of this house.

[Mr. Bennett.]

Mr. STEVENS: I shall advise my hon. friend.

Item agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

SUPPLY BILL

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Bury in the chair.

Mr. RHODES: moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1935, the sum of $8,274,739.72 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 129, for granting to His Majesty certain sums of money for the public service for the fiscal year ending March 31, 1935.

Motion agreed to, bill read the first and second time, considered in committee, reported, read the third time and passed.

PROROGATION OF PARLIAMENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Excellency the Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

In the Senate chamber, His Excellency the Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

BILLS ASSENTED TO

An Act to amend the Food and Drugs Act.

An Act to improve the methods and practices of marketing of natural products in Canada and in export trade, and to make further provision in connection therewith.

An Act to amend the Canadian Farm Loan Act.

An Act to amend the Income War Tax Act.

An Act respecting the St. Clair Transit Company.

An Act respecting Shipping.

An Act to facilitate Compromises and Arrangements between Farmers and their Creditors.

An Act for the relief of Eugenie Margaret O'Reilly Stavert.

An Act for the relief of George Harold Allen.

An Act for the relief of Ena Beatrice Duclos Boyd.

An Act for the relief of Paul Herbert Addy.

An Act to incorporate Security National Insurance Company.

An Act to amend an Act to incorporate The Discount and Loan Corporation of Canada.

An Act to incorporate Personal Finance Corporation.

An Act to amend and consolidate the Excise Act.

An Act to incorporate The Small Loan Company of Canada.

An Act to amend The Representation Act, 1933.

An Act to amend the Loan Companies Act.

An Act to amend the Customs Act.

An Act to amend the Customs Tariff.

An Act respecting Radio Broadcasting.

An Act to amend the Pension Act.

An Act to amend The Canadian and British Insurance Companies Act, 1932.

An Act to incorporate the Bank of Canada.

An Act to amend the Criminal Code.

An Act to provide for the construction and improvement of certain public works and undertakings throughout Canada.

An Act respecting the Franchise of Electors at Elections of Members of the House of Commons.

An Act respecting the Election of Members of the House of Commons.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1935.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name His Excellency the Governor General doth assent to these bills.

Then the Honourable the Speaker of the House of Commons addressed His Excellency the Governor General as follows:

May it please Your Excellency:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the Commons, I present to Your Excellency the following bill:—

An act for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1935.

To which bill I humbly request Your Excellency's assent.

To this bill the Clerk of the Senate, by command of His Excellency the Governor General did thereupon say:

In His Majesty's name, His Excellency the Governor General thanks his loyal subjects, accepts their benevolence, and assents to these bills.

After which His Excellency the Governor General was pleased to close the fifth session of the seventeenth parliament of the Dominion of Canada, with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

I desire to express my appreciation of the careful attention you have given to the various measures submitted to you for consideration during the present session, and to congratulate you upon the extent and importance of the legislation enacted which vitally affects the economic and social life of Canada. It is a source of profound satisfaction that the improvement in economic conditions in Canada which was in evidence when you commenced your sessional labours is still apparent. This improvement is reflected in substantially increased national revenues, a greater volume of inter-empire as well as foreign trade and a betterment in employment conditions throughout the country. Our favourable trade balances have strengthened our external exchange position and our national credit was never higher. The enactment of legislation incorporating the Bank of Canada to operate as a central bank will permit of the exercise of a sound measure of public control over credit and currency in the interests of the economic life of the nation and will secure to Canada a greater measure of freedom in the exchange markets of the world. The decennial revision of the Bank Act has been completed, and necessary amendments made to improve our monetary and banking institutions.

Legislation has been enacted to improve the methods and practices of the marketing of natural products. I express the confident hope that this legislation will provide the means by which the producers of primary commodities in this country may exercise over the marketing of their products a degree of regulative control which will inure to the benefit alike of producer and consumer. The Companies Act will provide greater security for investors in Canadian enterprises. The decline in world commodity prices experienced in past years has borne heavily on the producers of primary products, and the farming population has been faced with a great burden of debt. By means of the legislation which has been enacted speedy adjustments without expense to the farmers may be made with creditors, and authority has been granted to the Canadian Farm Loan Board to extend its operations so as to provide the farmer with additional capital by advances on farm mortgages and also by providing intermediate credit. Under the provisions of the Statute of Westminster legislation has been enacted to make effective extra-territorially the laws of Canada relating to navigation and shipping. The provision for the construction of public works and undertakings widely distributed throughout the country will, it is believed, further serve to stimulate economic recovery by providing employment in various lines of activity.

Among other important measures passed were: an act to provide for the franchise of electors at elections to the House of Commons, an act respecting the bureau for translations, a consolidation of the Excise act, measures

affecting fruit, dairy, live stock and live stock products industries, and an act affecting Canadian and British insurance companies.

The exploratory work of the committee on price spreads and mass buying has awakened public conscience to the need of preventing unfair trade practices and exploitation of workers and price manipulation which unfavourably affects the consumer. Legislation is necessarily deferred until the work of the committee has been concluded.

Members of the House of Commons:

I thank you for the provision you have made for the public service.

Honourable Members of the Senate:

Members of the House of Commons:

The progressive improvement of general economic conditions in Canada which is presently much in evidence gives every indication of continuing in increasing measure. I commend the initiative, enterprise and indomitable spirit of the Canadian people and, for the many blessings that have been bestowed upon our dominion, I join with you in heartfelt thanks to Divine Providence.

This concluded the fifth session of the seventeenth parliament.

END OF VOLUME IV